

## SunUniversalLife MAX

- one insured person
- NO investment bonus
- death benefit option: level insurance amount
- guaranteed yearly renewable term rates
- alternate withdrawal order

**Policy number: LI-1234,567-8**

**Owner: John Doe**

SAMPLE

*The following policy wording is provided solely for your convenience and reference. It is incomplete and reflects only some of the general provisions that may be found in some of our insurance policies. We periodically make changes to policy wording and therefore this incomplete sample may not duplicate the wording of any actual issued policy. It is not to be construed or interpreted in any manner as a contract or an offer to contract. The actual policy issued to any given client will govern that relationship.*

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## Policy summary

In this document, *you* and *your* mean the owner of this policy. *We, us, our,* and *the company* mean Sun Life Assurance Company of Canada.

Your policy is issued and underwritten by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies.

It's important that you read your entire policy carefully. It sets out the benefits payable and has exclusions and limitations. To help you understand insurance terms, refer to the explanations described under the heading, *Insurance terms*.

### SunUniversalLife MAX

Your policy number is:	LI-1234,567-8
Your policy effective date is:	September 17, 2012
Monthly anniversary day:	the 17 <sup>th</sup> of every month
Owner:	John Doe born on May 10, 1975
Insured person(s):	John Doe born on May 10, 1975
Beneficiary:	is named on your application, unless you make a change in writing.

Transfers and withdrawals are processed in the alternate withdrawal order, which may not be changed.

This is not a participating policy. You are not eligible to receive policyholder dividends.

## Schedule of benefits and cost of insurance

### Basic insurance benefit

Insured person:	John Doe
Death benefit option:	A death benefit is payable when the insured person dies.
Insurance amount:	Level insurance amount \$100,000
Risk classification:	Non-smoker
Cost of insurance type:	Guaranteed yearly renewable term rates
Age nearest on the policy effective date:	XX

We deduct the cost of insurance for the basic insurance benefit from the activity account on September 17, 2012 and on each monthly anniversary day that is before September 17, XXXX.

For the first 20 policy years, the guaranteed annual cost per \$1,000 of insurance is:

September 17, XXXX	\$XX.XX	September 17, XXXX	\$XX.XX
September 17, XXXX	\$XX.XX	September 17, XXXX	\$XX.XX
September 17, XXXX	\$XX.XX	September 17, XXXX	\$XX.XX
September 17, XXXX	\$XX.XX	September 17, XXXX	\$XX.XX
September 17, XXXX	\$XX.XX	September 17, XXXX	\$XX.XX
September 17, XXXX	\$XX.XX	September 17, XXXX	\$XX.XX
September 17, XXXX	\$XX.XX	September 17, XXXX	\$XX.XX
September 17, XXXX	\$XX.XX	September 17, XXXX	\$XX.XX
September 17, XXXX	\$XX.XX	September 17, XXXX	\$XX.XX
September 17, XXXX	\$XX.XX	September 17, XXXX	\$XX.XX

The cost of insurance rates will continue to increase after the 20<sup>th</sup> policy year. You may ask us for the cost of insurance rates for years not shown

The calculation for the monthly cost of insurance is shown in the *Insurance provisions* section.

An insurance factor for this basic insurance benefit is \$XXX.XX. The insurance factor is used to calculate the surrender charge.

## Minimum first year payment for this policy

When we receive a payment, it is added to the activity account and provincial premium tax is deducted. The premium tax is not guaranteed. The minimum first year monthly payment for this policy is \$XXX.XX.

The minimum payment is not guaranteed. If you choose index or managed accounts and interest earned is negative, or if you make any withdrawals, loans or changes to your policy, then additional payments may be required to keep your policy in effect.

## E12001A

### **If you change your mind within 10 days**

You may send us a written request to cancel your policy within:

- 10 days of receiving it from us, or
- 60 days after the policy is issued, whichever date is earlier.

You are considered to have received your policy 5 days after it's mailed from our office, or on the date your advisor delivers it to you.

When we receive your written request we'll refund any amount paid. This is called rescission.

Your decision to cancel your policy is your personal right. When we receive your request to cancel it, all of our obligations and liabilities under this policy end immediately. The cancellation is binding on you and any person entitled to make a claim under this policy, whether their entitlement is revocable or irrevocable.

To cancel your policy, send your request in writing to:

Sun Life Assurance Company of Canada  
227 King Street South  
PO Box 1601, Stn. Waterloo  
Waterloo ON Canada N2J 4C5

## E12003A

### **Contesting the policy**

The incontestability provisions set out in the provincial or territorial insurance legislation applicable to this policy apply.

#### *Limit on contesting*

We cannot challenge the validity of the policy after it has been in effect continuously for two years from the later of the date it took effect and the date it was last reinstated. If the policy is amended to increase or change a benefit or improve a rating, we cannot challenge the validity of the amendment after it has been in effect continuously for two years from the later of the date the amendment took effect and the date the policy was last reinstated.

#### *Exception to the limit on contesting*

We can challenge the validity of the policy or an amendment at any time in cases of fraud or cases involving a disability benefit.

## About your SunUniversalLife MAX policy

SunUniversalLife MAX is a permanent life insurance policy that includes insurance benefits on one or more persons with several investment options available to you.

Payments must be made to Sun Life Assurance Company of Canada to keep your policy in effect and are subject to a minimum and maximum limit that we determine. We reserve the right to refuse cash payments.

Any payment we receive at our head office before the Toronto Stock Exchange is closed for the day is applied to your policy effective that day. Any payment we receive at our head office after the Toronto Stock Exchange is closed is applied to your policy effective on the following business day.

Any request for transfer, withdrawal, policy loan or policy cancellation that we receive at our head office before the Toronto Stock Exchange is closed for the day is effective that day but processed the following business day. If money is moved to or from an investment account, we reserve the right to delay the effective date of the transaction for up to 5 business days from the day we receive your request or the day we receive funds.

Payments we receive are held in our general fund. When you invest in any investment account you do not:

- acquire any ownership interest in the designated fund or index
- purchase units, or
- have any legal interest in any security.

## Section 1: Insurance provisions

Your policy includes the insurance benefits you have selected as well as the policy fund. This fund includes the activity account (which is used to pay the cost of insurance) and the investment accounts.

### Activity account and provincial premium tax

When we receive a payment, money is added to the activity account as long as the total of the payments made during the policy year is below the annual maximum amount for that year to keep the policy tax-exempt. The applicable provincial premium tax is deducted from the amount that is added to the activity account. This tax differs by province and is determined by government legislation. It is subject to change at any time.

This account earns daily interest at the rate we set. The interest rate is subject to change at any time. The guaranteed minimum interest rate will be at least 90% of the Government of Canada 30-day Treasury Bill rate in effect on the day we set the interest rate, less a management fee of 1.75 percentage points. Under no circumstances will the rate be less than 0%.

[E01030#A](#)

### Paying for the cost of insurance

Each monthly anniversary day, we deduct money from the activity account to pay for the cost of insurance for all basic insurance benefits and additional benefits in this policy. The amounts we deduct are according to the *Schedule of benefits and cost of insurance*. If there is not enough money in the activity account to pay for the cost of insurance, we will transfer money from your investment accounts according to the withdrawal order you selected. The order may not be changed.

#### Alternate withdrawal order

- daily interest account (DIA)
- guaranteed interest accounts (GIAs)
- accounts based on the performance of indices, in this order:  
FPX Income, FPX Balanced, FPX Growth, Canadian Equity, American Equity, Foreign Equity, European Equity, Pacific Equity, Japanese Equity, American Technology, Canadian Bond
- accounts based on the performance of managed funds in proportion to the balance of each of those accounts
- and, if necessary, from the service account.

If there is insufficient money in the first account we will take money from the next account until the cost of insurance is paid.

If we transfer money from a GIA layer to pay for the cost of insurance, there is no market value adjustment. Money will be taken from the GIA layer closest to maturity and interest will be credited up to the date of the transfer.

If there is not enough money in the activity account and investment accounts, we will transfer money from the service account, if included in this policy, to pay for the cost of insurance.

If you have money in an index account or an account based on the performance of managed funds, and the rate of return negatively impacts your policy fund value, then you may need to make additional payments to ensure there is enough money in the policy fund to pay the required cost of insurance and provincial premium tax.

## E01050A

### Calculating the monthly cost of insurance

The monthly cost of insurance is determined by a number of factors such as an insured person's age, sex, health and the cost of insurance type you selected. There are two types of guaranteed rates available for each basic insurance benefit. You may select either:

- guaranteed yearly renewable term rates which increase each year, or
- guaranteed level rates that remain constant from year to year.

The guaranteed annual cost of insurance per \$1,000 for each basic insurance benefit is shown on the *Schedule of benefits and cost of insurance*.

The monthly cost of insurance for a basic insurance benefit is:

$$\frac{(A \times B)}{12}$$

where:

A = the annual cost per \$1,000 of net insurance amount at risk

B = the net insurance amount at risk divided by 1,000.

If the death benefit option is *Insurance amount plus fund or Fund builder*, the net insurance amount at risk is the basic insurance amount.

If the death benefit option is *Level insurance amount*, the net insurance amount at risk is:

- the basic insurance amount
- **minus** the allocated policy fund value.

If the death benefit option is *Indexed insurance amount*, the net insurance amount at risk is:

- the indexed insurance amount
- **minus** the allocated policy fund value.

Allocated policy fund value is described in the *Investment provisions* section.

The net insurance amount at risk is never less than zero for *Level insurance amount* and *Indexed insurance amount*.

## E01070A

### Death benefit option

The death benefit option you selected for each basic insurance benefit in this policy is shown on the *Schedule of benefits and cost of insurance* and described below.

#### Level insurance amount

The death benefit is the greater of:

- the basic insurance benefit amount, or
- the allocated policy fund value.

Any allocated policy loans including interest are then deducted from the death benefit amount payable.

If this policy has one basic insurance benefit the entire policy fund and any policy loans are allocated to that benefit. If this policy has more than one basic insurance benefit we allocate a portion of the policy fund value and any policy loans to each of those benefits, as described in the *Investment provisions* section.



## Paying a death benefit - insured person's death

When a death benefit is payable, we make a payment to the named beneficiary for that insured person's insurance benefit(s). The amount we pay is determined as of the date the insured person died.

We also pay to the beneficiary an amount equal to any cost of insurance deducted after the date the insured person died.

If there is a basic insurance benefit on one insured person, that benefit ends when the insured person for that benefit dies.

If there is a Joint first-to-die basic insurance benefit, that benefit ends when one of the insured persons for that joint benefit dies.

If there is a Joint last-to-die basic insurance benefit, that benefit ends when all of the insured persons for that joint benefit die.

This policy ends on the date all basic insurance benefits in this policy end. At that time, if there's any amount in the service account, we pay it to the beneficiary who receives the death benefit at the time the policy ends.

### When we will not pay a death benefit (exclusions and limitations)

We will not pay a death benefit if the insured person dies before reaching the age of 15 days.

For each basic insurance benefit, we will not pay the death benefit\* if any insured person for that benefit takes their own life, while sane or insane, within 2 years of the later of:

- the most recent date an application for their basic insurance benefit was signed
- the policy effective date shown on the *Policy summary*, or
- the most recent date this policy was put back into effect, if your policy has been reinstated.

The basic insurance benefit ends and instead of paying a death benefit we pay the beneficiary:

- the allocated policy fund value as of the date the insured person died
- **plus** the total cost of insurance we deducted for that insured person's benefits
- **minus** any allocated policy loan, including interest.

If the policy has been put back into effect, we'll refund only the cost of insurance that was deducted for that insured person since the most recent date the policy was reinstated.

If an insured person takes their own life, while sane or insane, within 2 years of any increase in their basic insurance benefit that you applied for, we will not pay the amount of the increase. Instead, if the basic insurance benefit has been continuously in effect for at least 2 years at the time the insured person dies, we will pay the following amount to the named beneficiary:

- the death benefit we would have paid before the increase
- **plus** the allocated policy fund value as of the date the insured person died
- **plus** an amount equal to the cost of insurance deducted for the increase in the basic insurance death benefit
- **minus** any allocated policy loan, including interest.

*If this policy is the result of a replacement of insurance*

\*If any death benefit is the result of a replacement of life insurance that was issued by us, we determine the amount payable for the part that is a replacement based on the effective date or dates of your previous insurance and any additional benefits.

### **Policy fund value on death**

If all or part of the policy fund value is payable when an insured person dies, withdrawals are made and valued as of the date the insured person died. The funds are withdrawn from the activity account first, and then according to your withdrawal order.

### **Making a claim for the death benefit**

To make a claim, contact us at the toll free phone number shown at the beginning of this policy. We will then send the appropriate form to be completed. The person making the claim must complete the form and give us the information we need to assess the claim, including proof that the insured person died while this policy was in effect.

There may be a fee from a physician to complete certain forms. The person making the claim is responsible for any fee for this information.

Before we pay the death benefit, the insured person's date of birth must be verified. If the date of birth given on the application is incorrect, we adjust the amount we pay to reflect the insured person's correct age.

SAMPLE

## Section 2: Investment provisions

### Policy fund value

Your policy fund value is the total amount in the activity account plus the total of your investment accounts including accumulated interest.

### Allocated policy fund value and allocated policy loans

If this policy has one basic insurance benefit, the entire policy fund value is allocated to that benefit.

If this policy has more than one basic insurance benefit, we allocate a portion of the policy fund value to each basic insurance benefit. Proportional allocation of the policy fund value applies to basic insurance benefits unless you selected an alternate allocation method for a death benefit option that is *Insurance amount plus fund* or *Fund builder*.

#### ***Proportional allocation***

For proportional allocation, the allocated policy fund value is a percentage of the *reduced policy fund value*. For each basic insurance benefit, the percentage is the proportion of that benefit amount to the total of all basic insurance benefit amounts.

The *reduced policy fund value* is the policy fund value decreased by the monthly cost of insurance for these additional benefits, if included in this policy:

- Total disability benefit (savings)
- Term insurance benefit
- Term insurance benefit on an additional insured person
- Accidental death benefit
- Guaranteed insurability benefit
- Executive guaranteed insurability benefit
- Coverage death benefit (savings)
- Owner disability benefit (savings)
- Owner death benefit (savings)

#### ***Alternate allocation***

Alternate allocation methods are available if the death benefit option is *Insurance amount plus fund* or *Fund builder*. These methods are the payment of the entire policy fund value when:

- the first death benefit is payable, or
- the last death benefit is payable.

If more than one insured person dies at the same time the policy fund value will be divided into amounts that are proportional to the amount of each basic insurance benefit when a death benefit is payable.

#### ***Re-allocation of the policy fund value***

If an insured person is removed or added to this policy, we will re-allocate the policy fund value in proportion to the resulting basic insurance benefit amounts.

#### ***Allocated policy loans***

If this policy has more than one basic insurance benefit, we allocate a portion of any policy loans to each benefit. If this policy has one basic insurance benefit, the entire policy loan is allocated to that benefit.

The allocated policy loan with interest is in the same proportion as the allocated policy fund value.

## Investment accounts

Several investment accounts are included in your policy: daily interest account (DIA), guaranteed interest accounts (GIAs), accounts based on the performance of indices and accounts based on the performance of managed funds. Your investment mix is the investment accounts and the percentages you selected for those accounts. You may change the accounts or percentages or both at any time by sending us your request to change. A transaction fee may be charged for this change.

Each of your investment accounts must have a minimum amount of \$250. All subsequent transfers to each account must also be at least \$250.

### Transfers to your investment accounts

Provided the cost of insurance has been paid, money will be transferred from the activity account after the minimum amount for all selected accounts is met according to your investment mix. Transfers are also processed on a monthly anniversary day if the minimum amount for all accounts is met.

*Example 1: assume the investment mix is American Equity 50% and Canadian Bond 50%*

- A minimum of \$500 must be in the activity account to meet the minimum required amount for this investment mix before a transfer can be made to the two selected investment accounts.
- Once \$500 is in the activity account, then \$250 (50% of \$500) will be transferred to the American Equity account and \$250 (50% of \$500) will be transferred to the Canadian Bond account.

*Example 2: assume the investment mix is American Equity 10% and Canadian Bond 90%*

- A minimum of \$2,500 must be in the activity account to meet the minimum required amount for this investment mix before a transfer can be made to the two selected investment accounts.
- Once \$2,500 is in the activity account, then \$250 (10% of \$2,500) will be transferred to the American Equity account and \$2,250 (90% of \$2,500) will be transferred to the Canadian Bond account.
- If \$2,490 was in the activity account, money would not be transferred from the activity account to the selected accounts. With the investment mix of American Equity 10% and Canadian Bond 90% there is only \$249 (10% of \$2,490) available to be transferred to the American Equity account and that does not meet the minimum requirement of \$250 for all selected accounts.

### Daily interest account (DIA)

This account earns daily interest at the rate we determine. The interest rate is subject to change at any time. The guaranteed minimum interest rate will be at least 90% of the Government of Canada 30-day Treasury Bill rate in effect on the day we set the interest rate, less a management fee of 1.75 percentage points. Under no circumstances will the rate be less than 0%.

### Guaranteed interest accounts (GIAs)

Guaranteed interest accounts are available in terms of 1, 3, 5, 10 and 20 years. Each time money is transferred to a GIA, we establish a new layer for that amount with a specific maturity date and interest rate. The interest rate remains in effect for the full term of that account and interest is credited daily. Interest is compounded annually.

For each GIA, the guaranteed minimum interest rate will be at least 90% of the Government of Canada Bond rate with the same term, less a management fee of 1.75 percentage points. Under no circumstances will the rate be less than the guaranteed minimum interest rate shown in the table below.

If Government of Canada Bonds with the same term are not available, we will use our best estimate to determine what the rate would be if a bond with the same term were available.

<b>GIA accounts</b>	<b>Guaranteed minimum interest rate</b>
1-year term account	0%
3-year term account	0%
5-year term account	0.5%
10-year term account	1.5%
20-year term account	1.5%

When a GIA layer matures we follow your instructions:

- we apply the balance of the GIA layer to a new GIA account for the same term, or
- we transfer the value including interest at the maturity date to the activity account. Money will be transferred from the activity account after the \$250 minimum amount for all your investment accounts is met according to your investment mix.

We may change GIA accounts available to you at any time. If you have money in a discontinued account we'll notify you. We will continue to follow your investment instructions except that money that would otherwise be transferred to a discontinued GIA account will be transferred to a GIA account with the next shortest term. We will always offer a GIA account with a 1.5% guaranteed minimum interest rate.

***Accounts based on the performance of indices***

You may put money into one or more index accounts shown in the table below. These accounts reflect the performance of the indices on which they are based.

Each business day we subtract a daily management fee. The daily management fee is equal to the annual management fee divided by the expected number of business days within the current calendar year. The annual management fee is shown in the table below.

<b>Index accounts</b>	<b>Indices they are based on</b>	<b>Annual management fee</b>
FPX Income	FPX Income	1.80%
FPX Balanced	FPX Balanced	2.20%
FPX Growth	FPX Growth	2.40%
Canadian Equity	S&P /TSX 60 Total Return	1.75% *
American Equity	S&P 500 Total Return	2.00% *
Foreign Equity	MSCI EAFE Free Price Index	1.00%
European Equity	MSCI Europe Price Index	1.00%
Pacific Equity	MSCI Pacific Free Price Index	2.00%
Japanese Equity	Nikkei 225 Total Index	2.25% *
American Technology	Nasdaq-100 Total Index	2.00% *
Canadian Bond	DEX Universe Bond Index	2.00%

\*These fees are guaranteed not to increase before the fifth policy anniversary. After the fifth anniversary, the management fee may be increased by a maximum of .25%.

MSCI means Morgan Stanley Capital International

EAFE means Europe Australasia and Far East

FPX means Financial Post Index

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The NASDAQ 100 Index is a trademark of Nasdaq Stock Market Inc.

DEX Universe Bond Index is a trademark of TSX Inc., in Canada.

SunUniversalLife policies are not endorsed, sold or promoted by any of the above mentioned organizations and/or trademark owners.

Each business day we determine the percentage change in the value of each index for the previous business day. On days when an index on which one of your investment accounts is based gains or loses value, the percentage change in the value of the index for that day will be either positive or negative. Money will be added to or deducted from that account according to the change in the value of the index. On a day other than a business day, the percentage change is zero. The daily value of the index is the latest value available to us.

As part of the above calculation, any index that is not valued in Canadian dollars is converted to an equivalent Canadian dollar value daily. This means that changes in exchange rates will affect the total amount in your index accounts.

We may change the index accounts or the indices on which they are based at any time. If we discontinue any of the investment choices, we'll notify you in advance and provide information about other accounts that are available. If you do not reply within the time specified in the notice, then the amount of any discontinued account will be transferred to either an account with a similar investment objective or to the activity account if there is no account with a similar investment objective. If money is transferred to the activity account and the \$250 minimum amount is met for all remaining selected accounts, the money will then be transferred according to your investment mix.

We will maintain the index accounts which are based on the Canadian and American equity markets and the Canadian bond market, and we will maintain the management fees for those accounts as described above unless after the policy date there is a material change in:

- the investment environment for monitoring and replicating an index account, or
- the legislation that applies to life insurance policies that have accounts based on the performance of indices.

***Accounts based on the performance of managed funds***

The accounts offer returns based on the performance of designated funds managed by a third party (fund manager) that we select. Account balances will be adjusted daily. Each daily adjustment may increase or decrease the balance of the account, depending on the rate of return.

We may change, merge, or withdraw accounts at any time. If we change or merge accounts in which you have a balance, we will tell you.

If we withdraw an account in which you have a balance, we will transfer the balance for that account to another account with similar investment objectives and notify you. If there are no accounts with similar investment objectives, a transfer will be made to the activity account and your funds will be invested based on your then current investment mix.

The daily rate of return for this account on a business day is:

- the Canadian dollar rate of return on the designated fund, which reflects the fund manager's expenses and fund distributions
- **minus**, if applicable, an additional annual management fee we charge, divided by the number of expected business days within the calendar year. This additional management fee may change from time to time.

The rate of return is not guaranteed and may be positive or negative. We reserve the right to revise or correct any rate of return that was based on incorrect information provided by the fund manager.

On a day other than a business day, the daily rate of return is 0%.

## E01120C

### Maintaining the tax-exempt status of your policy

According to current Canadian tax law, the money in your policy fund is not taxed if it is below the tax-exempt limit and it remains in your policy fund. This limit changes annually on the policy anniversary.

If a payment would cause your policy fund value to exceed the tax-exempt limit then, depending on the method you chose to maintain your policy's tax-exempt status the excess amount of that payment will be:

- refunded to you immediately, or
- transferred to the service account. Provincial premium tax is not deducted from excess amounts transferred to the service account.

At each policy anniversary, we compare the policy fund value to the tax-exempt limit. If the policy fund value exceeds the tax-exempt limit, we make an adjustment to your policy, according to the method you requested. You applied for one of the following methods to maintain the tax-exempt status of your policy:

- **retain** the amount of all basic insurance benefits
- **increase** any basic insurance amount by the percentage required. The maximum increase is 8% of the cumulative basic insurance amount, including any increase under the indexed death benefit option, or
- **increase and reverse:** increase any basic insurance amount by the percentage required. The maximum increase is 8% of the cumulative basic insurance amount, including any increase under the indexed death benefit option. We reverse these increases at each future policy anniversary as long as the policy will not lose its exempt status.

After an increase, the total amount for all basic insurance benefits is subject to a maximum we set that will never be more than 2.5 times the total of all basic insurance benefits on the policy effective date.

Depending on the method you chose to maintain the tax-exempt status of your policy, any excess funds still remaining in the policy fund at the policy anniversary date will be:

- refunded to you immediately, or
- transferred to the service account.

We withdraw excess funds from the investment accounts first from the activity account and then, if required, according to your withdrawal order.

When an insurance amount is increased, we establish a new basic insurance benefit for the increased amount. The cost of insurance rates per \$1,000 for the increase in the insurance amount are based on:

- the attained age of the insured person (or attained equivalent single age), and
- the rates in effect at the time of the increase.

## Service account

This account earns interest according to the investment option you selected for the service account. Interest earned on the service account is taxable. We may set a maximum amount you may have in the service account. A transaction fee may be charged for withdrawals.

At each policy anniversary the tax-exempt limit for your policy may increase. At that time, we will transfer as much money as the tax-exempt limit allows from the service account to the activity account. This minimizes the tax you pay on the service account. Provincial premium tax is deducted from the amount transferred from the service account to the activity account.

The service account is not part of the policy fund value.

## Market value adjustment (MVA) for guaranteed interest accounts

There is no MVA when money is transferred from:

- any investment account to the activity account to pay for the cost of insurance
- any investment account to the service account, or
- the service account to the activity account.

We may deduct an MVA when you:

- withdraw money from this policy
- borrow money from the policy fund, or
- transfer money between investment accounts.

For these transactions, we deduct an MVA if:

- money is withdrawn or transferred from a GIA layer before it matures, and
- the current interest rate for a new GIA layer with the same term is greater than the interest rate of the existing GIA layer.

*Guaranteed interest account (GIA)*

$$\text{The MVA} = W \times \{ 1 - \text{the lesser of 1 and } [(1 + J)^D \div (1 + K)^D] \}$$

where:

W = amount withdrawn or transferred from the GIA layer

D = number of days to maturity in the existing GIA layer divided by 365

J = actual interest rate for the existing GIA layer, excluding any investment bonus

K = current interest rate for a new GIA layer with the same term as the existing GIA

## Withdrawing money from your policy

You may withdraw money from your policy at any time. The minimum withdrawal amount is \$500. We may charge a transaction fee for withdrawals.

Unless you tell us otherwise, we withdraw money from the service account, if included in this policy, then from the activity account and then if necessary according to your withdrawal order. When money is withdrawn from a GIA it will be taken from the layer closest to maturity. Any withdrawal from GIAs may be subject to a market value adjustment.

In the first policy year, the maximum amount you may withdraw from the policy fund is:

- the total of all payments made into the policy fund
- **minus** the applicable provincial premium tax
- **minus** the total of all insurance factors for this policy



After the first policy year, the maximum amount you may withdraw is the cash surrender value, which is:

- the policy fund value
- **minus** any policy loans, including interest
- **minus** any market value adjustment that may apply to GIAs
- **minus** the amount of any surrender charge
- **plus** any amount in the service account, if included in this policy.

You may have to pay tax on withdrawals from your policy fund.

## How withdrawals may affect a death benefit

A withdrawal from your policy will reduce the death benefit that is payable. If the death benefit option for a basic insurance benefit is *Level insurance amount* or *Indexed insurance amount*, we will reduce the insurance amount according to the allocated policy fund value for each basic insurance benefit.

### E01130C

## Borrowing money from your policy (policy loans)

After the first policy year, you may borrow money from your policy fund. The minimum amount you may borrow is \$500. We may charge a transaction fee.

The maximum amount you may borrow is:

$$[ (100\% - \text{loan interest rate}) \times (\text{policy fund value} - \text{market value adjustments} - \text{surrender charge}) ] \\ - (\text{all outstanding policy loans including interest})$$

If the amount you borrow, or the outstanding policy loan, is greater than the amount in the activity account, we will transfer money from your investment accounts to the activity account, according to the withdrawal order you selected. We will transfer enough money until the amount of the activity account equals the policy loan amount including interest. When money is withdrawn from a GIA it will be taken from the layer closest to maturity. Any transfers from GIAs may be subject to a market value adjustment.

We charge interest on the loan each day. The interest is compounded annually. This means the interest accumulates and we add it to the balance of the loan at the end of the policy year. We set the interest rate and may change it at any time.

You may repay your policy loan(s) at any time. When you make a loan payment, we transfer an amount equal to the repayment amount from the activity account to your investment accounts as described in the *Investment provisions* section under the heading, *Transfers to your investment accounts*.

If a loan is outstanding at the time a death benefit is payable, the loan plus interest will be deducted from the amount we pay to the beneficiary.

### E01140D

## Accessing the policy fund when disabled, ill or injured

You may make one withdrawal from your policy fund each time an insured person becomes disabled by illness or injury as defined below. The minimum and maximum amount you may withdraw is described under the heading, *The Amount you may withdraw*. According to tax rules in effect as of the policy date you may make this withdrawal without incurring a taxable disposition. The tax rules may change at any time, without notice. The tax rules in effect on the date you request a withdrawal will apply.

## **Defining disabled**

Each disability must continue for at least 60 consecutive days. To be considered disabled in any of the four disabled categories (occupationally disabled, critically disabled due to illness or injury, critically disabled due to deteriorated mental ability and critically disabled - terminal illness) set out below, the insured person must be:

- under the active, continuous and medically appropriate care of a physician, or other health care practitioner acceptable to us
- following the treatment prescribed and any other recommendations made by a physician or health care practitioner, and
- occupationally disabled or critically disabled as defined below.

### ***Occupationally disabled***

To be considered occupationally disabled under this provision, the insured person must as a result of illness or injury, qualify under one of the following:

If employed

- if the insured person is unable to perform the substantial duties of their regular occupation, and is not engaged in any gainful occupation, or
- if the insured person is employed in a gainful occupation but they have experienced at least a 50% loss of income over 60 consecutive days compared to the earned income from their regular occupation during the 60 days immediately before the day they became disabled.

If unemployed or retired

- if the insured person is unemployed or retired at the time of claim, the insured person is unable to perform the essential duties of their regular occupation from which they were last employed.

If employed in the home

- if the insured person is responsible for maintaining their home or caring for immediate family members, the insured person is unable to perform all of the essential duties of maintaining that home or caring for those individuals.

If a student

If the insured person is a student on the date they become disabled and their attained age is 18 or older on that date, and they are unable to:

- attend or participate as a student, or
- perform any occupation for remuneration or profit within their education, training or experience.

If the insured person's attained age is less than 18, we consider them to be disabled if, as a result of illness or injury, they require the presence of an adult attendee.

### ***Critically disabled - due to illness or injury***

Critically disabled means the insured person, as a result of illness or injury, is unable to perform one or more of the activities described below. The activities are:

#### **Bathing**

Bathing means washing oneself:

- in a bathtub or shower, including getting in and out of the bathtub or shower, or
- by sponge bath.

#### **Dressing**

Dressing means putting on, taking off, fastening and unfastening:

- clothing, and
- medically necessary braces or artificial limbs.

An insured person is not dependent for dressing if reasonable alterations to or changes in the clothing they usually wear would enable them to dress without substantial physical assistance.

#### Feeding

Feeding means the insured person's ability to get food into their body:

- through the mouth, or
- by a feeding tube.

Feeding does not include cooking or preparing a meal.

#### Toileting

Toileting means getting to and from and on and off the toilet, and performing associated personal hygiene.

#### Transferring

Transferring means moving into or out of a bed, chair or wheelchair. This does not include getting into or out of the bathtub or shower, as we include this in bathing.

#### Continence

Continence means the ability to control both bowel and bladder functions, or maintain a reasonable level of personal hygiene (including caring for catheter or colostomy bag) when not able to control either bowel or bladder functions or both.

#### ***Critically disabled - due to deteriorated mental ability***

We consider the insured person critically disabled if they have deteriorated mental ability and need continual supervision by another person for protection from threats to their physical health and safety as the result of deterioration in or a loss of:

- short-term or long-term memory
- orientation as it relates to people, place and time
- reasoning, or
- judgment, as it relates to safety awareness.

Deteriorated mental ability must result from an organic brain disorder such as Alzheimer's disease, irreversible dementia, or brain injury. Deteriorated mental ability is also known as cognitive impairment. Deteriorated mental ability is determined by a neurologist licensed and practising in Canada or the United States, based on clinical observation, radiological studies and psychological testing.

#### ***Critically disabled - terminal illness***

We consider the insured person critically disabled if they have a condition which has been diagnosed as terminal by a physician, and the prognosis for living is less than 24 months.

#### **The amount you may withdraw**

The maximum amount you may withdraw from your policy fund is:

- the balance in the activity account
- **plus** the total of your investment accounts including accumulated interest up to the date of withdrawal
- **minus** any surrender charge that may apply on the date of the withdrawal
- **minus** any loan against the policy fund, including interest
- **minus** any market value adjustment that may apply to GIAs
- **minus** an amount equal to the cost of insurance for the next 12 months
- **minus** a claim assessment fee.

The minimum amount you may withdraw is \$500.

The company will credit interest up to the date of withdrawal as described above.

Unless you tell us otherwise we withdraw money from the activity account and then if necessary according to your withdrawal order. When money is withdrawn from a GIA it will be taken from the layer closest to maturity.

The total death benefit will be reduced by the amount of your withdrawal.

### **Making a claim for this benefit**

To make a claim for this benefit, contact us at the toll free phone number shown at the beginning of this policy for the appropriate form. You must pay a claim assessment fee each time you submit a claim to access your policy fund when disabled.

You may not make any withdrawal under this provision if:

- we rated the insured person as a substandard risk for medical reasons and they continue to be rated on the date they become disabled, or
- this policy came into effect as the result of a conversion from another life insurance policy while the insured person was disabled.

Before we approve the claim, the insured person's date of birth must be verified.

If the insured person is disabled when you make a claim for this benefit, we must receive proof of their disability after it continued for more than 60 consecutive days.

If the insured person is no longer disabled when you make a claim for this benefit, we must receive proof:

- that the disability continued for more than 60 consecutive days, and
- of the disability within 1 year of the date the insured person is no longer disabled.

In addition to the claim assessment fee, you must pay any cost associated with supplying proof of the disability.

We may also require the insured person to authorize us to gather and use additional information from other insurers or government agencies.

### **When you do not qualify for this benefit (exclusions and limitations)**

You do not qualify for this benefit if the disability is directly or indirectly caused by or associated with the insured person committing or attempting to commit a criminal offence.

## Section 3: General provisions

### When your policy will end

Your policy will end 31 days after a monthly anniversary day if on that day the policy fund value, minus any loans including interest, is not enough to pay the cost of insurance for the next month.

If your policy ends this way, it has lapsed.

To prevent your policy from ending we must receive the required payment before the end of the 31<sup>st</sup> day. We will tell you the amount you are required to pay to keep the policy from ending.

### Putting your policy back into effect

If your policy ended because it lapsed, you may apply to put it back into effect if all the insured persons are alive on the date the policy lapses. This process is called reinstatement.

If you want to put your policy back into effect, you must:

- apply within 2 years of the policy ending
- give us new evidence of insurability that we consider satisfactory on each insured person
- pay the cost of insurance owing on the date the policy ended, plus the cost of insurance from the date the policy ended to the date of reinstatement, plus interest on these amounts
- pay an amount equal to the monthly cost of insurance on the date of reinstatement multiplied by 2 if you pay monthly, or multiplied by 12 if you pay annually, and
- pay any applicable provincial premium tax.

If we don't approve your application, we'll refund the amount you paid when you applied to put your policy back into effect.

### Transaction fees

We do not charge for the first two of either policy transactions or policy changes, in each policy year. We may charge a fee for additional policy transactions and policy changes. If we charge a fee, it will never be more than \$100.

### Applying for changes to your policy

This provision describes policy changes that you may request. A transaction fee may apply. Your application must be in a form acceptable to us and satisfy our administrative rules.

#### Death benefit option changes

The death benefit options are shown below. We determine which option is available to you. If you apply to change the death benefit option, you may be required to provide evidence of insurability we consider satisfactory. All basic insurance benefits in this policy must have the same death benefit option.

#### *Level insurance amount*

The death benefit is the greater of:

- the basic insurance benefit amount, or
- the allocated policy fund value.

Any allocated policy loans including interest are then deducted from the death benefit amount payable.

### ***Insurance amount plus fund***

The death benefit is:

- the basic insurance benefit amount
- **plus** the allocated policy fund value
- **minus** any allocated policy loans including interest.

### ***Fund builder***

The death benefit is:

- the basic insurance benefit amount\*
- **plus** the allocated policy fund value
- **minus** any allocated policy loans including interest.

\*The basic insurance benefit amount may be reduced on the date you select or on any policy anniversary after that date provided the policy does not lose its exempt status. We will not reduce the basic insurance benefit amount below the minimum amount you selected.

### ***Indexed insurance amount***

The death benefit is the greater of:

- the basic insurance benefit amount, and
- the allocated policy fund value.

Any allocated policy loans including interest are then deducted from the death benefit amount payable.

The basic insurance benefit amount increases each year by the percentage you selected. The increases occur on the first anniversary of the benefit and on each anniversary after that until the anniversary nearest the insured person's attained age 85 (or attained equivalent single age 85 for a joint basic insurance benefit). The percentage for the increase is according to:

- the Consumer Price Index for Canada (CPI), or
- a fixed percentage.

If CPI is selected, we use the CPI rate on the date we last reviewed it, rounded to two decimal places and subject to a minimum rate of 0% and a maximum rate of 8% annually. We review these rates at least once a month.

When an insurance amount is increased, we establish a new basic insurance benefit for the increased amount. The cost of insurance for the new insurance amount is based on the attained age of the insured person (or attained equivalent single age), and the rates in effect at the time of the increase.

After an increase, the total amount for all basic insurance benefits is subject to a maximum we set that will never be more than 2.5 times the total of all basic insurance benefits on the policy effective date.

### **Changing your policy fund allocation**

If there is more than one basic insurance benefit in this policy and the death benefit option is either *Insurance amount plus fund* or *Fund builder*, you may apply in writing to change the policy fund allocation to one of the alternate allocation methods. These methods are the payment of the entire policy fund value when:

- the first death benefit is payable, or
- the last death benefit is payable.

### **Changing the type of cost of insurance**

After the first policy anniversary, you may change the type of cost of insurance from guaranteed yearly renewable term rates to guaranteed level rates, depending on our rules about the age of the insured person and amount of insurance. The new cost of insurance rates for a basic insurance benefit will be based on the attained age of the insured person (or attained equivalent single age), and the rates in effect at the time of the change.

### **Insurance amount increases**

You may increase the amount of a basic insurance benefit by a minimum of \$25,000 and a maximum amount that we determine. You must provide evidence of insurability that we consider satisfactory. Any new cost of insurance for the increase in the insurance amount is based on the attained age of the insured person (or attained equivalent single age) and the rates in effect at that time.

### **Insurance amount decreases**

You may decrease the amount of a basic insurance benefit provided the minimum amount we determine for the benefit remains in effect. If an insured person has more than one basic insurance benefit, we decrease the benefit with the most recent effective date. The insurance factor does not change when the basic insurance benefit amount is decreased. A decrease is not available in the first 12 months a basic insurance benefit is in effect.

### **Method of indexing for an Indexed insurance amount**

If an *Indexed insurance amount* increases by a fixed percentage, you may change the percentage amount. You may also change the method of indexing from fixed percentage to Consumer Price Index (CPI) or vice versa. You may need to provide evidence of insurability we consider satisfactory.

### **Removing a basic insurance benefit**

You may remove a basic insurance benefit on an insured person. The insurance factor for that basic insurance benefit remains in effect.

### **Adding an insured person**

You may apply to add an insured person to this policy if you provide evidence of insurability we consider satisfactory. The rates for the basic insurance benefit and the additional insurance factor for that benefit are determined by us at the time the new benefit comes into effect.

If we've approved a claim for a total disability benefits for the owner of this policy, you may not apply to make this change.

### **Removing and adding an insured person for a joint basic insurance benefit**

For a joint basic insurance benefit, if you remove one of the insured persons and add another insured person, we calculate the equivalent single age using the age of each insured person for the new joint insurance benefit.

If we've approved a claim for a total disability benefit for the owner of this policy, you may not apply to make this change.

### **Applying for non-smoker classification on an insured person**

This provision applies if an insured person is age nearest 16 or younger on the date a basic insurance benefit takes effect.

On the policy anniversary nearest the insured person's 18<sup>th</sup> birthday, the risk classification for that insured person's basic insurance benefit will be the smoker classification. If the insured person is a non-smoker at that time, you may apply to have them classified as a non-smoker.

*If applying before the policy anniversary nearest the 19<sup>th</sup> birthday*

If you apply after the policy anniversary nearest the insured person's 17<sup>th</sup> birthday and before the policy anniversary nearest their 19<sup>th</sup> birthday, we require a non-smoker declaration signed by that insured person and you.

*If applying on or after the policy anniversary nearest the 19<sup>th</sup> birthday*

If you apply on or after the policy anniversary nearest the insured person's 19<sup>th</sup> birthday, we require new evidence of insurability on the insured person. The application must be signed by that insured person and you.

If we approve your application, the insured person will be classified as a non-smoker. The cost of insurance will be determined according to the rate that was in effect for a non-smoker with the same sex and age of that insured person on the policy date.

## Your right to cancel this policy

You may cancel your policy at any time. Your decision to cancel your policy is your personal right. The cancellation is binding on you and any person entitled to make a claim under this policy, whether their entitlement is revocable or irrevocable.

All of our obligations and liabilities under this policy end immediately on the date we receive your request to cancel your policy or on any later date you indicate in your request.

To cancel your policy, send your request in writing to:

Sun Life Assurance Company of Canada  
227 King St. S.  
PO Box 1601, Stn Waterloo  
Waterloo ON Canada N2J 4C5

If you apply to cancel your policy within the first 10 days of receiving it from us, we will treat this as a rescission. This is described under the heading, *If you change your mind within 10 days*.

### Cash surrender value

If you cancel your policy after the 10<sup>th</sup> day of receiving it from us, we'll pay the cash surrender value to you. The amount we pay is:

- the policy fund value
- **minus** any market value adjustment that may apply to GIAs
- **minus** the amount of any policy loan, including interest
- **minus** the amount of any surrender charge.

In addition, we will pay you any amount in the service account, if included in this policy.

The amount we pay is determined on the business day following the day we receive your request or any later date you indicate.



## Surrender charge

A surrender charge may apply if you cancel this policy. It is the total of the surrender charge for each basic insurance benefit in this policy. The surrender charge for each basic insurance benefit is:

$$(A \times B)$$

where:

A = the insurance factor for the basic insurance benefit

B = the surrender charge multiple for that basic insurance benefit

Number of policy years the basic insurance benefit is in effect	Surrender charge multiple for the basic insurance benefit
0 - 1	2
2 - 5	4
6 - 8	3
9	2
10	1
11 or more	0

After the first policy year, if you apply to cancel this policy on a date that is not a policy anniversary, the surrender charge multiple will be pro-rated based on the number of whole months the policy has been in effect between policy anniversaries.

A surrender charge for each basic insurance benefit applies until the tenth anniversary of that benefit, whether or not that benefit remains in effect. There is no surrender charge for a basic insurance benefit that ended because the insured person died.

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## Other information about your policy

### Information about our contract with you

Once your policy is in effect, the following documents make up our entire contract with you:

- your application for insurance, including any evidence of insurability, and
- this policy, including any amendments.

All of our obligations to you are contained in the documents described above. Any other document or oral statement does not form part of this contract. This policy or any part of this policy may not be amended or waived except by a written amendment signed by two authorized signing officers of the company.

### Time limit for recovery of insurance money

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act or the provincial or territorial legislation that applies to this policy.

### Currency of this policy

All amounts of money referred to in this policy are in Canadian dollars.

## Transferring your policy (assignment)

You may be able to transfer your rights under this policy to someone else by assigning the policy. We are not responsible for ensuring that the assignment of your policy is legally valid. If you transfer this policy, send a notice of the assignment to:

Sun Life Assurance Company of Canada  
227 King St. S.  
PO Box 1601, Stn. Waterloo  
Waterloo ON Canada N2J 4C5

E12090A

## Insurance terms

The following explanations describe insurance terms that may or may not apply to this policy.

### Age

Age means a person's age on their birthday nearest to a particular date. This is known as "age nearest". A person's age at the policy effective date means their age on their birthday nearest to that date. A person's age at any date after the policy effective date is their age on their birthday nearest to that date and is known as their attained age.

### Equivalent single age

For a joint basic insurance benefit, we use a single age to determine the cost of insurance for that benefit. We call this the equivalent single age and it's shown under the heading, *Schedule of benefits and cost of insurance*. We calculate the equivalent single age at the time the insurance takes effect using the smoking status, sex and age of each of the persons insured for the joint basic insurance benefit.

Attained equivalent single age is the equivalent single age plus the number of years from the effective date of the joint basic insurance benefit to the nearest policy anniversary date.

### Beneficiary

The person or persons you name in writing to receive the death benefit.

### Benefits

These benefits may be included in your policy:

- a basic insurance benefit that insures an insured person; you may apply for several of these benefits on one or more insured persons
- a joint first-to-die basic insurance benefit
- a joint last-to-die basic insurance benefit
- additional benefits may be included on each insured person; an example is the Total disability benefit (protection)
- additional benefits may be included on the owner of this policy; an example is Owner disability benefit (protection).

### Business day

For the purposes of this policy, a business day is a day when our administrative offices are open for business and the Toronto Stock Exchange (or other stock exchange or securities market that we may designate) is open for business.

### Contingent owner

The person or persons you name in writing to take ownership of this policy if you die before the date this policy ends.

*What happens if no contingent owner is named when a policy owner dies?*

- If there is only one policy owner at the time of death, then the policy owner's estate becomes the new policy owner.
- If there are two or more policy owners at the time of death, then the deceased policy owner's estate along with the surviving policy owner(s) own the policy.

**Cost of insurance**

This is the amount you pay to cover the cost of insurance for all basic insurance benefits and any additional benefits included in the policy.

**Evidence of insurability**

This may include medical, financial, lifestyle, and family medical history information and other personal history information needed to approve your application for life insurance.

**Policy effective date**

This is the start date of your insurance policy. This date is shown under the heading, *Policy summary*.

**Monthly anniversary day**

This is the day each month on which policy transactions described in this policy may be processed. This date is shown under the heading, *Policy summary*.

**Policy anniversary**

The month and day every year that is the same as your policy effective date.

**Policy year**

The 12-month period that runs from one policy anniversary to the next policy anniversary.

**Policy transaction**

Examples of policy transactions are payments, withdrawals, policy loans and transfers of money between accounts.

**Permanent insurance**

A type of insurance that provides protection for the entire lifetime of the insured person.