

SunSpectrum Accumulation Annuity

SunSpectrum Accumulation Annuity is a deferred annuity policy (the "Policy"). In this document, "you" and "your" means the policyholder(s) of the policy. "We", "our", "us" and the "Company" means Sun Life Assurance Company of Canada. We agree to provide the benefits of the Policy as set out in these provisions.

The Policy, the application, any applicable addendum and any amendments form the entire agreement between the Company and you.

Definitions

Annuitant is the person whose death triggers payment of the death benefit and, upon whose life the life annuity income benefit is based.

Balance of a Guaranteed Interest Investment is the sum of all *Premiums* paid into the *Guaranteed Interest Investment* plus interest credited to the *Guaranteed Interest Investment*, less the sum of all:

- withdrawals
- transfers out of the *Guaranteed Interest Investment(s)*
- previous *Market Value Adjustments (MVA)* on the *Guaranteed Interest Investment(s)*

Balance of the Policy is the *Balance of the Guaranteed Interest Investment(s)* plus the *Cash Value of the Daily Interest Investment*.

Cash Value of a Guaranteed Interest Investment is the balance of a *Guaranteed Interest Investment* reduced by the amount of any *MVA*.

Cash Value of the Daily Interest Investment is the sum of all *Premiums* paid into the *Daily Interest Investment* and interest credited, less the sum of all withdrawals and transfers.

Cash Value of the Policy is the *Cash Value of the Daily Interest Investment* plus each *Cash Value of a Guaranteed Interest Investment*.

Daily Interest Investment is an investment which pays variable daily interest.

End date is the date a *Guaranteed Interest Investment* ends.

Guaranteed Interest Investment is a fixed term investment with a guaranteed interest rate.

Market Value Adjustment (MVA) means a reduction to the *Balance of a Guaranteed Interest Investment* on early termination or partial withdrawal. We determine the amount of the reduction based on:

- the time left until the *End Date* of the *Guaranteed Interest Investment*
- the interest rate at the time the investment was purchased
- the current interest rate
- expenses for the investment

Maturity Date is December 31st of the year the annuitant reaches age 90. You may select another date by providing us notice in a form acceptable to us.

Premiums are all payments or transfers paid into your Policy. This does not include any interest credited by us.

Provisions applicable before the Maturity Date

Premium limits

You may pay *Premiums* at any time unless we notify you otherwise. *Premiums* are subject to minimum and maximum amounts determined by us. We reserve the right to close the Policy to new *Premiums*. If we decide to do this, we will notify you in advance.

Daily interest investment

We apply *Premiums* to the *Daily Interest Investment*, unless you direct otherwise. The rate of interest is determined by us each day and is

never less than 0.25%. Interest rates for the *Daily Interest Investment* are expressed as a rate per year compounded annually. Interest is calculated on the *Cash Value of the Daily Interest Investment* at the current interest rate and is added to the Policy at the end of each day.

Guaranteed interest investment

Subject to minimums and maximums determined by us, we will on your request, establish a *Guaranteed Interest Investment* using any amount (the "Amount") from *Premiums* or your *Daily Interest Investment* including any interest paid into your *Daily Interest Investment*.

The *Guaranteed Interest Investment* starts when we receive your direction and the Amount. You select the *End Date* of the investment from the investment terms we offer. We determine the interest rate for the investment when it is established. You may not select an investment term for a *Guaranteed Interest Investment* if the *End Date* would be after the *Maturity Date*.

Unless you direct otherwise, on the *End Date*, the *Balance of the Guaranteed Interest Investment* will be transferred to the *Daily Interest Investment*.

Interest is calculated on the *Balance of a Guaranteed Interest Investment* at the interest rate for the investment and is added to the Policy at the end of each day.

Compound interest investment - Interest rates are expressed as rates per year compounded annually and interest earned is maintained within the *Guaranteed Interest Investment*.

Monthly interest investment - Interest rates are expressed as rates per year compounded monthly. Each month, the interest earned during the prior investment month will be transferred to the *Daily Interest Investment* unless otherwise directed by you in a form acceptable to us.

Annual interest investment - Interest rates are expressed as rates per year compounded annually. Each year on the investment anniversary, interest earned for the prior investment year will be transferred to the *Daily Interest Investment* unless otherwise directed by you in a form acceptable to us.

Withdrawals

You may request withdrawals from your Policy, subject to minimum and maximum amounts and other administrative requirements set by us. No withdrawal may exceed the *Cash Value of the Policy*. All withdrawals will be taken from the investment you request. If no direction is provided, withdrawals will be taken from an investment within the Policy as determined by us at our discretion.

Withdrawals prior to the *End Date* of a *Guaranteed Interest Investment* may be charged an *MVA*. The cash value of the withdrawal is transferred to the *Daily Interest Investment*. Amounts withdrawn from the *Daily Interest Investment* will not be charged an *MVA*.

If the *Balance of the Policy* after the withdrawal would be less than a minimum determined by us, we reserve the right to pay the *Balance of the Policy* instead. An *MVA* may apply.

Termination

At any time you may request payment of the *Cash Value of the Policy*. The Policy will terminate when we receive your request in a form acceptable to us or when the *Balance of the Policy* is zero.

Death benefit

If the *Annuitant* dies before the *Maturity Date*, the Policy terminates and the *Balance of the Policy*, (less any applicable withholding tax) will be payable to your beneficiary(ies). If no beneficiary is designated or there is no surviving beneficiary(ies), the *Balance of the Policy* will be payable to you or your estate(s) (less any applicable withholding tax). We require proof of the claim and the right to receive the benefit in a form acceptable to us.

Provisions applicable on or after the *Maturity Date*

Premiums

You may not pay additional Premiums on or after the *Maturity Date*.

Life annuity income benefit

If the Policy is in force on the *Maturity Date* and you have not directed us otherwise in a form acceptable to us, the annuity payments as described below will begin. There will be no less than 120 monthly payments. Once the life annuity income benefit becomes payable, it cannot be altered, changed or cashed in.

This benefit is a monthly life annuity payable to you by us. Payments begin one month after the *Maturity Date* and continue as long as the *Annuitant* is alive.

If the *Annuitant* dies before 120 payments are made, the remainder of the 120 payments will be paid to the beneficiary as they become due. Alternatively the beneficiary may request that the present value of the remaining payments be paid in one sum unless you direct otherwise. (The present value will be calculated with the interest rate being used by us on the date of death for a new term certain annuity with the number of payments equal to those remaining at death.)

If the *Annuitant* dies after all the 120 payments have been made, the annuity terminates with the last payment before death.

Amount of life annuity payment

The *Cash Value of the Policy* at the *Maturity Date* is used to determine the amount of each life annuity payment. We apply the greater of our regular annuity rates, for annuities being issued by us on the *Maturity Date* or the following rates.

Age at <i>Maturity Date</i>	Monthly payment per \$1000 <i>Cash Value of the Policy</i>
0-24	\$0.50
25-39	\$0.75
40-59	\$1.00
60-69	\$1.50
70-85	\$2.00
86 and over	\$4.00

If the annuity payment determined above would be less than a minimum determined by us, we reserve the right to terminate your Policy and pay the *Cash Value of the Policy* to you in one sum (subject to withholding tax, where applicable).

Proof of age and survival

We may require proof of the *Annuitant's* date of birth before payments begin. For payments made during the *Annuitant's* lifetime, we may require proof that the *Annuitant* is living on the date of the payment. Similar proof may be required for your spouse if applicable.

General Provisions

Policy changes

The Policy cannot be changed nor can any of the conditions be waived except by an amendment signed by authorized officials of the Company.

Claims

Any claim for a death benefit must be made in writing to our head office. The claimant must provide proof of the claim and the right to receive the benefit.

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 the Policy.

Notification

Any notices, requests, selections or directions may be mailed to: Sun Life Assurance Company of Canada, 227 King Street South, Waterloo, Ontario N2J 4C5. Your communication will be deemed to have been given on the day it is received by us. We will use your last known address in our records for any communication we mail to you.

Currency

Canadian dollars.

Participation

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

Assignments

Subject to applicable legislation, the Policy may be assigned. If the Policy is assigned, written notice of the assignment must be sent to us. We assume no responsibility for the validity of any assignment.

SunSpectrum Accumulation Annuity Retirement Savings Plan addendum

The Policy is submitted for registration as a retirement savings plan for purposes of the Income Tax Act (Canada). In this document, “you” and “your” mean the policyholder. The Policy is amended as follows:

Definitions

Annuitant, in addition to the meaning in the Policy, also means the policyholder and has the same meaning as defined in the Income Tax Act (Canada).

Income Tax Act means any applicable provision including changes over time of the Income Tax Act (Canada), or provincial income tax legislation.

Maturity Date of the Policy is the latest date as permitted by the *Income Tax Act* for any Registered Retirement Savings Plan (RRSP). You may request an earlier date in a form acceptable to us.

Spouse means your spouse or common-law partner as recognized under the Income Tax Act (Canada).

Automatic amendment of a Registered Retirement Savings Plan (RRSP) to a Registered Retirement Income fund (RRIF)

If your RRSP is in force on the *Maturity Date* and you have not directed us otherwise in a form acceptable to us, your Policy will be automatically amended to become a RRIF offered by us at that time. The RRIF will be a continuation of the Policy and will remain a deferred annuity policy. The **life annuity income benefit** and **amount of life annuity payment** section of the **SunSpectrum Accumulation Annuity Policy** will continue to apply to the RRIF.

The RRIF will be set up as follows:

- The income payment will be made to you.
- The beneficiary designation on the RRSP will be maintained.
- *Guaranteed Interest Investments* will maintain their interest rate(s) and *End Date(s)*.
- All monthly and annual *Guaranteed Interest Investments* will become compound interest investments.
- The income payment frequency will be annual.
- The first income payment will be December 31st of the year following the *Maturity Date*.
- The income payments will be the minimum amount as governed by the *Income Tax Act*. The income payment will be based on your age (if you wish to use your spouse's age, you must contact us prior to income commencement).

Transfers and withdrawals

You may transfer an amount from the Policy to another RRSP or RRIF based on the rules of the *Income Tax Act*. The provisions of the **withdrawals** section will apply. Withholding taxes may apply to withdrawals and interest payments directed outside of the Policy.

Life annuity income benefit

The **life annuity income benefit** as set out in the Policy applies, except if the *Annuitant* dies before 120 payments are made and the beneficiary is not the spouse, the present value of the remaining payments will be paid in one sum.

Complying with the Income Tax Act

The Policy is required to follow the provisions of the *Income Tax Act*, these include but are not limited to:

- The Policy (including any payments under the Policy) may not be assigned, either in whole or in part.
- Any amendment of the Policy must comply with the requirements of the *Income Tax Act*.
- You may not pay any additional *Premiums* after the *Maturity Date*.
- If you have made an over-contribution which is subject to tax, you may withdraw any amount necessary, to reduce the tax.
- The Policy does not provide for periodic payments in a year under an annuity after the death of the first annuitant, the total of which exceeds the total of the payments under the annuity in a year before that death.

All other provisions of the Policy not amended by this addendum remain in effect.