

Superflex deferred annuity policy

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

This 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) is 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.

Successor Annuitant is the person who is named to become the *Annuitant* when the *Annuitant* dies. This appointment may only be made, changed or revoked during the lifetime of the *Annuitant*.

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. 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 *Guaranteed Interest Investment* from the investment terms we offer. We determine the interest rate for the *Guaranteed Interest 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 us otherwise, on the *End Date* the *Balance of the Guaranteed Interest Investment* will be reinvested for the same term as the matured investment at the interest rate offered at that time, provided the new *End Date* is not after the *Maturity Date*.

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 paid out of the *Policy*.

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*. 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*, and there is no *Successor Annuitant*, 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 this 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 life 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).

Signed at 227 King Street South, Waterloo, Ontario, N2J 4C5.


Dean Connor
President and Chief Executive Officer


Dana Easthope
Vice-President, Associate General Counsel and Corporate Secretary

Income Master annuity policy RIF/LIF/RLIF - addendum to Superflex deferred annuity policy

This Policy is submitted for registration as a retirement income plan for Income Tax Act purposes. In this document, "you", "your" and "annuitant" mean the policy owner. The Policy is amended as follows:

Definitions

Balance of a Guaranteed Interest Investment means the *Balance of a Guaranteed Interest Investment* as defined in the Policy less the sum of all income payments.

Cash Value of the Daily Interest Investment means the *Cash Value of the Daily Interest Investment* as defined in the Policy less the sum of all income payments.

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

Legal Minimum means the minimum amount that we must pay to you in any calendar year as required by the *Income Tax Act*. The calculation of the minimum amount is based on your age or the age of your *Spouse*, as chosen by you in the application subject to applicable legislation.

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

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

Market Value Adjustment (MVA) means *Market Value Adjustment* as defined in the Policy except the reduction to *Balance of the Guaranteed Interest Investment(s)* will also take into account the payments under the Income Schedule.

Maturity Date of the Policy is:

- a) Registered Retirement Income Fund (RRIF) - December 31st of the year you reach age 90. You may select another date by providing us notice in a form acceptable to us.
- b) Life Income Fund (LIF) - December 31st of the year you reach age 90 unless an earlier date is prescribed by applicable legislation.

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

Provisions applicable before the *Maturity Date*

Income schedule

Payments will be made to you based on the income schedule and subject to applicable legislation. Payments made from a RRIF or LIF during a calendar year must be at least the *Legal Minimum*. Payments made from a LIF during a calendar year must not exceed the maximum amount

allowed by applicable legislation. We will withhold applicable tax on payments made to you.

Once each calendar year, you may change the terms of the income schedule to those we then offer. Any changes to the income schedule may not exhaust the *Balance of the Policy* before the latest *End Date*.

If the total of all payments under the income schedule and all withdrawals in a calendar year is less than the *Legal Minimum* for that year, a further amount to satisfy the *Legal Minimum* will be paid to you at the end of that calendar year.

If the income schedule calls for a payment which exceeds the *Balance of the Policy*, we will pay the *Balance of the Policy* instead. If the *Balance of the Policy* after a payment 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 to the difference in amount between the payment and the *Balance of the Policy*.

Any payment under the *Income Schedule* or any payment made to reach the *Legal Minimum* will be withdrawn from each *Guaranteed Interest Investment* and the *Daily Interest Investment* in proportion to the balances of your investments. No *MVA* will be applied to these payments.

Guaranteed interest investment

The *End Date* of a *Guaranteed Interest Investment* cannot be later than the date we project the *Balance of the Policy* will be zero, given the *Income Schedule*. All interest rates are expressed as a rate per year compounded annually.

Transfers into the Policy

Transfers into this Policy must come from your Registered Retirement Savings Plan (RRSP), RRIF, LIF or any other source permitted by the *Income Tax Act*.

Withdrawals and transfers out

Payments under the *Income Schedule* are not considered withdrawals or transfers.

The first cash withdrawal in each calendar year may be withdrawn without an *MVA*, subject to a maximum determined by us.

You may request a transfer to another registered investment, subject to the *Income Tax Act*. Withdrawals and transfers are subject to applicable withholding tax. All restrictions and charges applicable to withdrawals will apply to transfers.

The total of all withdrawals and payments from a LIF must not exceed the maximum permitted under applicable legislation.

For any transfer, we may be required to pay you an amount up to the *Legal Minimum* as required by applicable legislation.

Death benefit

If the sole beneficiary is your *Spouse*, on your death, your *Spouse* has the option to either:

- receive the *Balance of the Policy* as of the date of death (less any applicable withholding tax) in a lump sum; or
- elect to become owner of this Policy and exercise all rights, including the right to designate a beneficiary.

If your *Spouse* is not the sole beneficiary, the *Balance of the Policy*, as of the date of death (less any applicable withholding tax), is paid to your beneficiary(ies) or to your estate if no beneficiary designation has been made.

If this Policy is a *LIF*, we will pay the death benefit as set out in applicable legislation.

Provisions applicable on or after the Maturity Date

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.

Amount of life annuity payment

In order to determine the amount of each life annuity payment, we will use the *Cash Value of the Policy* at the *Maturity Date* after you have received the *Legal Minimum* for the year.

Complying with the Income Tax Act

This policy is required to follow the provisions of the *Income Tax Act*. These include but are not limited to:

- This Policy (including any payments under this 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 a penalty, you may withdraw any amount necessary to reduce the penalty.
- The Company will only make those payments to you that are allowed by applicable legislation, including those set out in the *Income Tax Act*.

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

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