

## SunSpectrum Interest Account Annuity Policy RIF/LIF

In this document, “you” and “your” means the policyholder/annuitant of the policy. “We”, “our”, “us” and the “Company” means Sun Life Assurance Company of Canada.

The SunSpectrum Interest Account is a life annuity policy (the “Policy”). It gives you a number of choices for accumulating amounts in compound or daily interest investments and provides annuity payments.

We agree with you to provide the benefits of this Policy, in accordance with these provisions.

This Policy is submitted for registration as a retirement income fund for income tax purposes. This Policy, the application, applicable addendum and any amendments form the entire agreement between the Company and you.

In this Policy the policyholder and the annuitant are the same individual.

### Definitions

**Applicable Legislation** means the *Income Tax Act (Canada)*, provincial income tax legislation, insurance, pension, succession and any other applicable legislation and any future legislation or amendment to existing legislation that will affect the administration of, the payment of benefits and/or ownership rights under this Policy.

**Balance of a Guaranteed Interest Investment** means the sum of all *Premiums* and transfers into the *Guaranteed Interest Investment* and interest credited, less the sum of all payments, withdrawals, transfers out of the *Guaranteed Interest Investment*, handling charges and previous *Market Value Adjustments*.

**Balance of the Policy** means the sum of all *Premiums* and interest credited, less the sum of all payments, withdrawals, transfers, handling charges and previous *Market Value Adjustments*.

**Cash Value of a Guaranteed Interest Investment** is the *Balance of the Guaranteed Interest Investment* reduced by the amount of any *Market Value Adjustment*.

**Cash Value of the Policy** is the value of the *Daily Interest Account* plus the sum of the *Cash Value of each Guaranteed Interest Investment*.

**Daily Interest Account** means an account which pays variable daily interest.

**End Date** is the date on which a *Guaranteed Interest Investment* ends.

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

**Income Schedule** means the schedule of payments to be made to you according to the terms specified by you on your application.

**Income Tax Act** means any applicable provision of the *Income Tax Act (Canada)*, as amended from time to time, including section 146 of that Act and any applicable provincial *Income Tax* legislation and any successor 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*.

**LIF** means a life income fund as defined by *Applicable Legislation* and registered as a retirement income fund plan under the *Income Tax Act* with Canada Revenue Agency.

**Market Value Adjustment** means a reduction to the *Balance of a Guaranteed Interest Investment* upon early termination or withdrawal. We determine the amount of the adjustment based on the *Income Schedule*, the time left until the *End Date* of the *Guaranteed Interest Investment*, the guaranteed interest rate, the then current interest rate and our expenses for the investment.

**Maturity Date** of the Policy is:

- a) on a *RIF*, December 31<sup>st</sup> of the year of your 90<sup>th</sup> birthday or any date you select while the Policy is in force;
- b) on a *LIF*, a date as permitted by *Applicable Legislation*.

**Premium** is any and all transfers to your Policy which comply with the requirements of the *Income Tax Act* and any *Applicable Legislation*. It does not include any interest credited by us in accordance with the conditions of this Policy.

**RIF** means a retirement income fund plan submitted for registration under the *Income Tax Act* with Canada Revenue Agency.

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

### Provisions Applicable Before the Maturity Date

#### **Contributions**

You may transfer *Premiums* to your policy at any time unless we notify you to the contrary. Any *Premium* is subject to minimum and maximum amounts determined by us.

When *Premiums* are directed to a *RIF* or *LIF*, such *Premiums* must be in accordance with *Applicable Legislation*.

#### **Daily Interest Account**

All *Premiums* are applied to the *Daily Interest Account* unless you direct otherwise. The rate of interest is determined by us each day. This interest is added to the *Daily Interest Account* at the end of each day.

#### **Guaranteed Interest Investment**

Subject to minimums and maximums determined by us, you may direct us to establish a *Guaranteed Interest Investment* using any amount (the “Amount”) from *Premiums* or your *Daily Interest Account*.

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. You may not select an *End Date* later than the date which we establish that the *Balance of the Policy* will be zero, given the *Income Schedule*. We determine the interest rate for the *Guaranteed Interest Investment* when it is established.

All interest from a *Guaranteed Interest Investment* is maintained within the *Guaranteed Interest Investment*.

On the *End Date*, the *Balance of the Guaranteed Interest Investment* is transferred to the *Daily Interest Account* or to a new *Guaranteed Interest Investment* as directed by you. If no direction is provided, the *Balance of the Guaranteed Interest Investment* shall be invested on its *End Date*, in an investment under this Policy as determined by the Company in its sole discretion.

At your request, a *Guaranteed Interest Investment* may be terminated before its *End Date*. If you make such a request, the *Cash Value of a Guaranteed Interest Investment* may be transferred to the *Daily Interest Account*, used to establish a new *Guaranteed Interest Investment* or withdrawn in accordance with the terms of this Policy and *Applicable Legislation* as directed by you. It is important that you understand that a *Market Value Adjustment* may be deducted when determining the *Cash Value of a Guaranteed Interest Investment*.

#### **Interest**

All interest rates for this Policy are expressed as a rate per year compounded annually. Each day interest is calculated on the *Balance of the Guaranteed Interest Investment* at the end of the day at the interest rate for the investment. This interest is added to the Policy at the end of each day.

#### **Income Schedule**

Payments will be made to you under this Policy in accordance with the *Income Schedule* and subject to *Applicable Legislation*. Payments made from a *RIF* 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 as referred to in *Applicable Legislation*. In accordance with *Applicable Legislation*, we will withhold applicable tax on any payments made to you.

At any time, you may change any terms of the *Income Schedule* to those we then offer, provided that you have not made any change in the *Income Schedule* in the current calendar year. The revised *Income Schedule* may not result in the *Balance of the Policy* being zero before the latest *End Date* of this Policy.

The following are the types of payment options available to you:

- Legislated Minimum Income. On each payment date, we pay you an amount equal to the *Legal Minimum* for the calendar year divided by the income frequency.
- Legislated Maximum Income (for *LIF* only). On each payment date, we pay you an amount equal to the maximum as defined under *Applicable Legislation* for the calendar year divided by the income frequency.
- Interest Income. On each payment date, we pay the amount of interest earned since the previous payment date.
- Level Income. On each payment date, we pay the gross amount that you specified.
- Increasing Income. You specify the initial amount. At the beginning of each subsequent calendar year, the amount is increased at the rate which you have specified from those rates we then offer.
- No Income Schedule. You may elect not to have an income schedule.

If the total of all payments under the *Income Schedule* and all withdrawals and any Additional Payment in a calendar year is less than the *Legal Minimum* for that year, a further amount, sufficient to increase the total of all payments and withdrawals to the *Legal Minimum* is 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.

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 Account* in proportion to the then current *Balance of each Guaranteed Interest Investment* and balance of the *Daily Interest Account*. No *Market Value Adjustment* will be applied to these payments.

#### **Additional Payments**

Once per calendar year you may request an additional cash payment, "Additional Payment". The amount of the Additional Payment may be up to 5% of the *Balance of the Policy* at the beginning of the calendar year, or on the effective date of the Policy if later. No *Market Value Adjustment* will be charged on an Additional Payment.

All Additional Payments will be withdrawn from an investment(s) under the Policy as determined by the Company in its sole discretion.

If the Additional Payment requested exceeds the *Balance of the Policy*, we will pay the *Balance of the Policy* instead. If the *Balance of the Policy* after the Additional Payment would be less than a minimum determined by us, we reserve the right to pay the *Balance of the Policy* instead.

Any Additional Payment out of a *LIF* must not exceed the maximum permitted under *Applicable Legislation*.

#### **Withdrawals or Transfers**

You may request withdrawals or transfers from your Policy, subject to minimum amounts as determined by us. Payments under the *Income Schedule* or any Additional Payments are not considered withdrawals or transfers. Each withdrawal or transfer must be individually requested and post dated requests will not be accepted.

All withdrawals or transfers are subject to any applicable withholding tax and may be subject to a handling charge. No withdrawal or transfer may exceed the *Cash Value of the Policy* less any handling charge, nor may the *Cash Value of a Guaranteed Interest Investment* after the withdrawal or transfer be less than a minimum determined by us.

All withdrawals or transfers will be withdrawn from a *Guaranteed Interest Investment(s)* or a *Daily Interest Account* as directed by you. If no direction is provided, these amounts will be withdrawn from an investment(s) under the Policy as determined by the Company in its sole discretion.

Any withdrawals or transfers, if withdrawn prior to the *End Date* of a *Guaranteed Interest Investment*, will be charged a *Market Value Adjustment*. Any amounts withdrawn from the *Daily Interest Account* will not be charged a *Market Value Adjustment*.

Any withdrawal from a *LIF* must not exceed the maximum permitted under *Applicable Legislation*. Before transferring your *LIF* to another financial institution, we will advise the new financial institution in writing of the *LIF* status

of the monies and ask for its acceptance of the transfer, subject to *Applicable Legislation*.

At your request an amount may be transferred from a RIF to another RIF under which you are the annuitant in accordance with the *Income Tax Act*.

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

#### **Termination**

This Policy terminates when the *Balance of the Policy* is zero.

#### **Policy Changes**

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

#### **Death Provisions**

If this policy is a *RIF* and the sole beneficiary is your *Spouse*, your *Spouse* becomes owner and receives all payments according to the *Income Schedule*. Your *Spouse* may also exercise all of your rights, including the right to designate a beneficiary, under this Policy. If your *Spouse* is not the sole beneficiary, the *Balance of the Policy*, on the date of your death, is paid in one lump sum 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 in accordance with *Applicable Legislation*.

The claimant must provide a proof of claim and the right to receive the benefit in a form acceptable to us.

#### **Provisions Applicable On or After the Maturity Date**

##### **Life Annuity Income Benefit**

The Life Annuity Income Benefit is a monthly life annuity payable to you by us. Payments begin one month after the *Maturity Date* and continue for your lifetime with no less than 120 monthly payments. Once the Life Annuity Income Benefit becomes payable, such benefit is non-commutable.

If you die before 120 payments are made, a death benefit shall be paid to your beneficiary or to your estate if no beneficiary designation has been made. If your beneficiary is your *Spouse*, the remainder of the 120 payments as they become due, are made to your *Spouse*. If your beneficiary is not your *Spouse*, the commuted value, on the date of your death, of the remainder of the 120 payments is paid in one lump sum to your beneficiary or to your estate if no beneficiary designation has been made.

If you die after all 120 payments have been made, the annuity ceases with the last payment before death.

##### **Amount of Life Annuity Payment**

The *Cash Value of the Policy* at the *Maturity Date*, after you have received the *Legal Minimum* for the year, is used to determine the amount of each life annuity payment by applying our regular immediate annuity rates in effect at the time of calculation or the following rates, whichever is greater.

Age at <i>Maturity Date</i>	Monthly payment per \$1000 cash value
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 life annuity payment determined above would be less than a minimum determined by us, we reserve the right to commute your Policy and pay the *Cash Value of the Policy* to you in one sum, subject to any applicable withholding tax.

##### **Proof of Age and Survival**

The statement of your date of birth on this Policy's application shall be deemed to be a certification by you of such date of birth. You agree to provide us with any further evidence or proof of age that may be required before any annuity payments commence.

Proof of your survival may be required on the date of any Annuity Income Benefit payment. Similar proof may be required for your *Spouse* if applicable.

## General Provisions

### **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

### **Notification**

Any notices, requests, selections or directions given to us shall be sufficiently given if mailed, addressed to Sun Life Assurance Company of Canada, 227 King Street South, Waterloo, Ontario N2J 4C5, and shall be deemed to have been given on the day that such notice is received by us. Any notice, statement or receipt to be given by us to you shall be sufficiently given if mailed, addressed to you at the last known address for you on our records.

### **Currency**

The currency of this Policy is Canadian.

## **Participation**

This is a non-participating Policy. It is not eligible for dividends that the Company pays to its participating policyholders.

## **Complying with the Income Tax Act**

In order to meet the requirements of the Income Tax Act, the following apply to your Policy.

- No payment under this Policy may 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*.
- The Company shall only make those payments described in paragraphs 146.3 (2)(d), (2)(e), the definition "retirement income fund" in subsection 146.3(1) and subsection 146.3 (14) of the Income Tax Act and Applicable Legislation.

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

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

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