

SunSpectrum Interest Account Deferred Annuity Policy RSP/LIRA/Locked-in RSP

The SunSpectrum Interest Account is a deferred life annuity policy (the "Policy"). 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.

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 savings plan for purposes of the Income Tax Act (Canada). This Policy, the application, applicable addendum and any amendments form the entire contract 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 the Guaranteed Interest Investment means the sum of all *Premiums* and transfers into the *Guaranteed Interest Investment* and interest credited, less the sum of all withdrawals, transfers out of the *Guaranteed Interest Investment* and previous *Market Value Adjustments*.

Balance of the Policy means the sum of all *Premiums* and transfers into the Policy and interest credited, less the sum of all 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 Investment* plus the sum of the *Cash Value of each Guaranteed Interest Investment*.

Daily Interest Investment means an investment 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 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.

LIRA means a locked-in retirement account as defined by *Applicable Legislation* and registered as a retirement savings plan under the *Income Tax Act* with Canada Revenue Agency.

Locked-In RSP (LRSP) means a locked-in retirement savings plan as defined by *Applicable Legislation* and registered as a retirement savings plan under the *Income Tax Act*.

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

Maturity Date is the latest date as permitted by the *Income Tax Act* for any registered retirement savings plan. You may request an earlier date in a form acceptable to us subject to *Applicable Legislation*.

Premium is any and all payments to your Policy. It does not include any interest credited by us in accordance with the conditions of this Policy.

Spouse means your spouse or common-law partner as recognized by *Applicable Legislation*.

Provisions Applicable Before the Maturity Date

Contributions

You may pay *Premiums* 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 *LIRA* or *Locked-In RSP*, such *Premiums* must be in accordance with *Applicable Legislation*.

Daily Interest Investment

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

On the *End Date*, the *Balance of the Guaranteed Interest Investment* is transferred to the *Daily Interest Investment* 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 Investment*, 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 an *MVA* 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 *Guaranteed Interest Investment* the end of each day.

Withdrawals or Transfers

You may request withdrawals or transfers from your Policy, subject to minimum amounts as determined by us.

All withdrawals are subject to applicable withholding tax. No withdrawal or transfer may exceed the *Cash Value of the Policy*, 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 Investment* 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 an *MVA*. Any amounts withdrawn from the *Daily Interest Investment* will not be charged an *MVA*.

No withdrawal of a *LIRA* or *Locked-In RSP* is permitted, except where provided by *Applicable Legislation*. Before transferring your *LIRA* or *Locked-In RSP* to another financial institution, we will advise the new financial institution in writing of the *LIRA* or *Locked-In RSP* status of the monies and ask for its acceptance of the transfer, subject to *Applicable Legislation*.

Termination

You may terminate the Policy by sending us a request in a form acceptable to us.

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

Subject to *Applicable Legislation*, upon your death, the Company will pay the *Balance of the Policy* to your beneficiary(ies). If no beneficiary is designated, the *Balance of the Policy* will become payable to your estate. If the Policy is a *LIRA* or *Locked-In RSP*, 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

If your RRSP, *LIRA* or LRSP/RLSP is in force on the *Maturity Date* and you have not directed us otherwise in a form acceptable to us, your policy will automatically become a Registered Retirement Income Fund (RRIF), Life Income Fund (LIF) or Restricted Life Income Fund (RLIF) offered by us at that time. The RRIF/LIF/RLIF will be a continuation of your contract and will remain a deferred annuity contract. The **annuity income benefit** and **amount of life annuity payment** sections will continue to apply.

The RRIF/LIF/RLIF will be set up as follows:

- The income payment will be made to you.
- The beneficiary designation will be maintained.
- *Guaranteed interest investments* will maintain their interest rate(s) and *end date(s)*.
- 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 (Canada). The income payment will be based on your age.

Annuity Income Benefit

The Annuity Income Benefit is a monthly life annuity payable to you. Payments begin one month after the *Maturity Date* and continue for your lifetime with no less than 120 monthly payments. Once the 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 the 120 payments have been made, the annuity ceases with the last payment before death.

For a *LIRA* or *Locked-in RSP* the annuity provided will be established in accordance with the applicable pension legislation.

Amount of Life Annuity Payment

The *Cash Value of the Policy* at the *Maturity Date* is used to determine the amount of the life annuity payment by applying our regular annuity rates, which are the rates for immediate annuities then being issued by us or a monthly income of \$1.50 per thousand dollars of *Cash Value of the Policy* at the *Maturity Date*, whichever is greater.

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. After the *Maturity Date*, you may not exchange your right to receive the life annuity payments for the payment of one sum.

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 1R2, 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

Canadian dollars.

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.

- 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*.
- If you have made an over-contribution which is subject to tax, you may withdraw any amount necessary, up to the *Cash Value of the Policy*, to reduce the tax.
- You may not pay any additional *Premiums* after the *Maturity Date*.
- 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.