

GROUP ANNUITY POLICY

SUN LIFE ASSURANCE COMPANY OF CANADA ("Sun Life") agrees to accept contributions and to pay benefits in accordance with this policy which is issued to the Plan Sponsor named in the SunA dvantage **my savings** Application (the "Policyholder" and "Plan Sponsor"), effective on the date specified in the Application, to fund the Group Retirement Savings Plan of the Plan Sponsor (the "Group Plan").

The Plan Sponsor acts as agent on behalf of each individual member in respect of whom Sun Life has received an application for an individual retirement savings Plan (the "Plan"). Plan Sponsor includes any participating subsidiary or affiliates.

This policy is not eligible to receive any distribution of Sun Life's surplus.



Dean A. Connor
President and Chief Executive Officer



Troy Krushel
Corporate Secretary

GROUP ANNUITY POLICY NO. _____ **-G (the "Policy")**
(Number will be provided in confirmation from Sun Life)

IF THIS POLICY INCLUDES INVESTMENTS IN SEGREGATED FUNDS OFFERED BY SUN LIFE, CERTAIN BENEFITS UNDER THIS POLICY WILL NOT BE GUARANTEED. THE VALUE OF CONTRIBUTIONS DIRECTED TO ANY SEGREGATED FUND WILL FLUCTUATE WITH THE MARKET VALUE OF THE ASSETS OF THE SEGREGATED FUND.

By signing the Application the Policyholder hereby applies for and accepts this Policy from Sun Life.

TABLE OF CONTENTS

SECTION	PAGE
1	DEFINITIONS..... 1
2	CONTRIBUTIONS..... 2
3	FUNDS..... 3
4	INTER-FUND TRANSFERS..... 3
5	PAYMENT OF BENEFITS..... 3
6	POLICY..... 5
7	TERMINATION OF POLICY..... 5
8	CURRENCY..... 6
9	LIMITATIONS..... 6
10	NO ASSIGNMENT..... 7
11	APPENDIX – DESCRIPTIONS OF FUND OPERATIONS..... 8

1 DEFINITIONS

Throughout this Policy all male terms include the female terms and singular includes the plural unless otherwise stated. The following words will have the meanings given below:

“You” and/or **“Your”** mean the Policyholder or the Plan Sponsor, as applicable.

“Account” means the mechanism established for a Member by Sun Life to record the Contributions, investment earnings, withdrawals, refunds and deductions allocated to the Funds selected by You and/or the Member.

“Adjusted Value” means the value of the Contribution in a Guaranteed Fund accumulated to the expiry of the guaranteed period at the guaranteed rate of interest and discounted back to the date of withdrawal at the then prevailing rate of interest for Contributions with the same term to maturity as the original investment.

“Applicable Legislation” means the Income Tax Act (Canada) and any applicable provincial income tax legislation relating to retirement savings plans. It also means any other legislation of Canada or a province or territory together with any rules, guidelines, directives or regulations prescribed by relevant regulatory authorities and affecting the Plan.

“Book Value” means the then value of the Contribution in a Guaranteed Fund together with accumulated interest on the date of calculation.

“Business Day” means any day that Sun Life is open for business except for a day on which (i) the purchase or sale of securities is not reasonably practicable, or (ii) the determination of the net asset value of any investment option under the Plan is not reasonably practicable.

“Contribution” means either a payment of money made by or in respect of a Member or an allowable cash transfer from another registered Plan.

“Default Fund” means the Fund accepted by You as such on Your Application for the Group Plan.

“Description of Fund Operations” means the generic description of administrative procedures employed by Sun Life in respect of the various types of Funds available under the Policy, attached as an appendix.

“Effective Date” means the date the Policy is effective as stated on the first page of the Policy.

“Fund” means any of the Guaranteed Funds or Segregated Funds made available by Sun Life for the investment of Contributions under this Policy.

“Guaranteed Fund” means a deposit fund maintained by Sun Life in dollars as a liability of its general funds.

“Member” means an “annuitant” as defined in subsection 146(1) of the Income Tax Act (Canada) in respect of whom Sun Life has received an application for an individual retirement savings plan issued under this Policy.

“Money Source/Type” means the term used to identify the source of a Contribution and its locked-in or potential locked-in status.

“Periodic Payments” means periodic payments of a fixed or variable amount for the life of the insured or for such shorter period as may be agreed, with or without a guarantee period, paid by Sun Life pursuant to the Policy.

“Segregated Fund” means a Fund established by Sun Life in accordance with the *Insurance Companies Act* (Canada) in which Contributions to the Policy are invested and the assets of which are owned by Sun Life and maintained as separate and distinct from the general assets of Sun Life.

“Service and Fee Agreement” means the agreement between You and Sun Life outlining the services Sun Life will provide in respect of this Policy and the fees charged.

“Unit” is the means used to measure and record the Member’s participation in the Segregated Fund to which Contributions have been directed.

“Unit Value” means the Unit Value or Net Asset Value per Unit, as the case may be, as determined in a Description of Fund Operations.

“Valuation Date” means a date as described in a Description of Fund Operations, on which Sun Life determines the market value of the assets of each Fund.

2 CONTRIBUTIONS

2.1 Contributions may be remitted to Sun Life on or after the Effective Date of the Policy.

2.2 Each remittance will be accompanied by a notice containing the following information:

2.2.1 Member name; and

2.2.2 the amount of Contributions for each Member identified by the Money Source/Type.

2.3 Upon receipt of a Contribution and the information required by Section 2.2, Sun Life will credit the Account(s) previously established for the Member. The Account(s) will reflect:

2.3.1 the amount of the Contribution,

2.3.2 the effective date of the investment,

2.3.3 the applicable interest rate or number of Units purchased, as the case may be.

2.4 Each Contribution remitted under this Section will be invested in the Fund(s) You and/or the Member have elected for the investment of said Contribution. If no election has been made, the Contribution will be invested in the Default Fund.

3 FUNDS

- 3.1 The terms of the Funds are described in the Description of Fund Operations applicable to the Funds selected and are attached to the Policy as an appendix.
- 3.2 Sun Life reserves the right to amend the terms of any Fund that it makes available to You under the Policy. Written notice will be given to You of any material change to the terms of any Fund ninety (90) days before the amendment becomes effective.
- 3.3 Sun Life reserves the right to withdraw a Fund at any time. Within ninety (90) days of the date of written notification that Sun Life intends to withdraw a Segregated Fund to which a Contribution has been allocated, or sooner if required by Applicable Legislation, You and/or the Member may request a transfer of the then current balance of an Account in that Fund to any other Fund being offered under the Policy at that time. Otherwise, the current balance of the Member's Account in the withdrawn Fund will be transferred to the Default Fund. The value of any balances transferred to the Default Fund will be based on the Unit Value determined at the final Valuation Date of the Fund being withdrawn.
- 3.4 If Sun Life must withdraw a Fund at the request of an investment manager, Sun Life will notify You of the conditions of the withdrawal when they become known to Sun Life.

4 INTER-FUND TRANSFERS

Following receipt of notice from You or a Member or from You on behalf of a Member requesting a transfer between Funds, Sun Life will transfer the requested amount or, if the requested amount is greater than the then current balance of the Account in that Fund, the total balance of the Account in that Fund to another available Fund. Any partial amount transferred from a Guaranteed Fund will be withdrawn at the withdrawal value of the Guaranteed Fund on the date of calculation as described in the relevant Description of Fund Operations. An inter-fund transfer may result in a Fund charge as described in the short term trading provision of the relevant Description of Fund Operations.

5 PAYMENT OF BENEFITS

5.1 ANNUITIES

- 5.1.1 Upon notice from You that a benefit in the form of immediate Periodic Payments has become payable under the Plan while this Policy is in force, Sun Life will commence paying such Periodic Payments either in the form provided under the terms of the Plan, provided that such form is underwritten by Sun Life at that time, or in such other form as is underwritten by Sun Life at that time, as elected by You. Proof of age and all other information required for this purpose will be provided to Sun Life by You prior to the commencement of such Periodic Payments.
- 5.1.2 The monthly amount of such Periodic Payments will be determined by reference to Sun Life's then current payout annuity rates or, if more favourable to the insured, rates based on the 1994 Group Annuity Mortality Table with mortality projected to improve at 2% per year since 1994, interest at the rate of 2.5% per annum, and an expense loading of 2%.

- 5.1.3 The monthly amount of such Periodic Payments will be the product of the rate basis described in sub-section 5.1.2 and that portion of the balance(s) in a Member's Account(s) allocated to such Periodic Payments as determined by reference to the Unit Values as at the last Valuation Date of the Segregated Funds or, in the case of Guaranteed Funds, the withdrawal value of the Guaranteed Funds on the date of calculation as described in the relevant Description of Fund Operations.
- 5.1.4 Where required by Applicable Legislation, Periodic Payments rates will be adjusted from time to time to eliminate distinctions between purchasers on the basis of sex.
- 5.1.5 If You fail to notify Sun Life, or if no election has been made by the Member before the latest date permitted under Applicable Legislation for maturity of retirement savings plans, Sun Life will commence paying Periodic Payments for life to that Member, and for a guaranteed minimum of 10 years. The monthly Periodic Payment amount will be determined in accordance with sub-section 5.1.3. Once the Periodic Payments become payable, the benefit is non-commutable.

Should the Periodic Payments determined above be less than Sun Life's minimum at the time of calculation, Sun Life reserves the right to commute and pay the balance in the Member's Account(s) to the Member in one sum, subject to Applicable Legislation and any applicable withholding tax.

5.2 **OTHER BENEFITS**

- 5.2.1 Upon receipt by Sun Life of due proof of the death of a Member, the sum of the balances in the Member's Accounts will be liquidated, as determined by reference to the Unit Values as at the last Valuation Date of the Segregated Funds or in the case of the Guaranteed Funds at the withdrawal value of the Guaranteed Funds on the date of calculation as described in the relevant Description of Fund Operations, to provide the benefit in accordance with the terms of the Plan and will be paid to or in respect of the person entitled to the benefit.

- 5.2.2 If Contributions under this Policy have ceased for a Member and the Member's employment has been terminated, upon receipt of notification from You and the Member's direction for disbursement, Sun Life will liquidate the Member's Accounts as determined by reference to the Unit Values as at the last Valuation Date of the Segregated Funds, or in the case of the Guaranteed Funds at the withdrawal value of the Guaranteed Funds on the date of calculation as described in the relevant Description of Fund Operations to provide the benefit in accordance with the terms of the Plan and will commence paying Periodic Payments in accordance with sub-section 5.1.3 or make a payment to the Member, or a transfer in respect of the Member to another registered plan or prescribed retirement savings or income arrangement or to an insurer for the purchase of an annuity in accordance with the provisions of the Plan and Applicable Legislation.
- 5.2.3 If, pursuant to the terms of the Plan and Applicable Legislation, a Member may withdraw all or part of the Member's Accounts prior to termination of employment, retirement or death, or request a refund of excess Contributions, upon the receipt by Sun Life of a notification from You, on behalf of a Member, or from a Member and the Member's direction for disbursement, Sun Life will liquidate all or part of the Member's Accounts as determined by reference to the Unit Values as at the last Valuation Date of the Segregated Funds, or in the case of the Guaranteed Funds at the withdrawal value of the Guaranteed Funds on the date of calculation as described in the relevant Description of Fund Operations, to provide the payment or refund in accordance with the terms of the Plan and will make a payment to or a transfer in respect of the Member, as the case may be, in accordance with Applicable Legislation.

6 POLICY

- 6.1 The Policy will commence on the Effective Date and shall continue in force until terminated in accordance with the provisions in Section 7.
- 6.2 Sun Life reserves the right to modify, alter or amend any provision in this Policy upon providing at least 90 days prior written notice to You.
- 6.3 Periodic Payments that become payable in accordance with sub-section 5.1.1 hereunder before the effective date of any amendment or notice of termination of this Policy will not be affected by such amendments.
- 6.4 The Policy shall be governed by the laws of the province where Your head office in Canada is located unless otherwise required by Applicable Legislation.

7 TERMINATION OF POLICY

- 7.1 The Policy will automatically terminate one hundred and eighty (180) days after the balances of all Members' Accounts are zero.

- 7.2 Sun Life reserves the right to refuse further Contributions upon ninety (90) days' prior written notice to You. Upon such notice, no further Members will be accepted by Sun Life and no further Contributions from or on behalf of existing Members after all Contributions payable under the terms of the Plan up to the date of notice have been received by Sun Life will be accepted by Sun Life. The Policy will continue to govern with respect to Members of the Group Plan until such time as the Account balances have been transferred pursuant to Section 7.5.
- 7.3 You may terminate the Policy upon ninety (90) days' prior written notice to Sun Life. In the event that the Group Plan is continuing, the notice will indicate (a) the date the Policy is to be terminated, (b) that no further Contributions will be made under the Policy after the date the Policy is to be terminated, (c) that the proceeds of the Policy are to be transferred to another financial institution, (d) the name of the financial institution to which any Account balances under this Policy are to be transferred and (e) satisfactory evidence that You have established a continuing registered funding media for the Plan. In the event that the Plan is being wound-up the Policy will remain in force until all Members' Accounts are zero.
- 7.4 Upon termination of the Policy, Sun Life will liquidate the Members' Accounts as determined by reference to the Unit Values as at the last Valuation Date of the Segregated Funds, or in the case of the Guaranteed Funds at the withdrawal value of the Guaranteed Funds on the date of calculation as described in the relevant Description of Fund Operations, to provide the benefit in accordance with the terms of the Plan.
- 7.5 Following receipt of the notice and evidence referred to in Section 7.3, transfers of any amounts held in Guaranteed Funds will be made within ninety (90) days of the termination date. Transfers of any amounts held in Segregated Funds at the termination date will be made within seven (7) days following the receipt by Sun Life of the proceeds of the disposition of the assets held in the Segregated Funds to provide such transfer.

Sun Life will be discharged from all further obligations under this Policy following such transfers.

8 CURRENCY

Any amount payable to Sun Life or by Sun Life under this Policy shall be made in the lawful currency of Canada.

9 LIMITATIONS

Sun Life shall in no circumstances be required to make a benefit payment in accordance with the terms of the Plan greater than the sum of the balances of the Member's Accounts at the time such payment is made, as determined in accordance with the terms of the Policy.

For Members residing in Ontario

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 Limitations Act, 2002.

For Members residing outside of Ontario

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 such other Applicable Legislation of the province or territory where the Member resides.

10 NO ASSIGNMENT

No benefit under this Policy may be assigned or alienated. No benefit under this Policy may be commuted except as provided under the terms of the Plan and this Policy.

11 APPENDIX – DESCRIPTIONS OF FUND OPERATIONS

SUN LIFE SEGREGATED FUNDS (CONVENTIONAL FUNDS)

DESCRIPTION OF FUND OPERATIONS

Description

Each Segregated Fund consists of a portfolio of securities that is owned and managed by Sun Life or managed by an investment management firm for Sun Life. Each Segregated Fund is invested subject to the requirements of applicable federal and provincial legislation in securities appropriate to the Segregated Fund (bonds, stocks, short-term securities, mortgages, pooled fund trust units, mutual fund trust units and similar instruments, etc.) to reflect Contributions directed to the Segregated Fund.

Valuation of Fund Assets

- (A) The net asset value of a Segregated Fund as at any particular time on a Valuation Date is the value as at such time of all assets of that Segregated Fund minus all of the liabilities of that Segregated Fund as at such time (the "Net Asset Value"). In calculating the Net Asset Value of a Segregated Fund as at any particular time, the following valuation principles shall apply:
- (i) the value of any cash or its equivalent on hand, on deposit or on call, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest declared but not yet received will be its face amount;
 - (ii) the value of any treasury bill shall be its amortized cost;
 - (iii) the value of any fixed income securities shall be the end of day bid price as provided by the valuation services used by Sun Life at that time. In the event that such services are not available on that Valuation Date, the fair market value of the said fixed income securities shall be determined by Sun Life, acting reasonably;
 - (iv) the value of any equity securities shall be the end of day bid price as provided by the valuation services used by Sun Life at that time. In the event that such services are not available on that Valuation Date, the fair market value of the said equity securities shall be determined by Sun Life, acting reasonably;
 - (v) the value of any mutual or pooled fund security held by a Segregated Fund will be the last available net asset value per security;
 - (vi) the value of any insurance policy based on segregated funds held by a Segregated Fund shall be the last available net asset value per unit of each of those segregated funds multiplied by the number of units held in respect of that insurance policy;
 - (vii) options purchased by a Segregated Fund will be valued at the closing market price of such options on the exchange on which they are traded. If no sale has taken place on such Valuation Date, the close price will be determined at the last recorded sale price or the average between the last recorded bid and asked prices, whichever more accurately reflects, in the opinion of Sun Life, the fair value of such options;

SUN LIFE SEGREGATED FUNDS (CONVENTIONAL FUNDS)

DESCRIPTION OF FUND OPERATIONS

- (viii) the value of futures contracts will be based on the closing market price of such contracts, on the exchange on which they are traded, less daily margin settlements prior to the reporting date; and
 - (ix) the value of all other assets and of any asset for which price quotations are not available or for which the face value or other specified valuation is not, in the opinion of Sun Life appropriate, shall be determined by Sun Life on such basis and in such manner which fairly and accurately reflects Sun Life's opinion of the value of such assets.
- (B) The assets of a Segregated Fund shall be deemed to include:
- (i) all cash or its equivalent on hand, on deposit or on call, including any interest accrued thereon;
 - (ii) bills, demand notes and accounts receivable;
 - (iii) all shares, debt obligations, insurance policies, mutual or pooled fund units, subscription rights and other securities owned or contracted for by Sun Life in respect of the Segregated Fund;
 - (iv) all stock and cash dividends and cash distributions to be received by Sun Life in respect of the Segregated Fund and not yet received by it but declared to securityholders of record on a date on or before that time;
 - (v) all interest accrued on any fixed interest-bearing securities owned by Sun Life in respect of the Segregated Fund that is included in the quoted price; and
 - (vi) all other property of every kind and nature, including prepaid expenses and derivatives as permitted from time to time by the applicable pension or insurance regulators.
- (C) The liabilities of a Segregated Fund shall be deemed to include:
- (i) all bills, demand notes and accounts payable;
 - (ii) all expenses incurred or payable by the Segregated Fund and any expenses relating to the operation of a Segregated Fund, including legal, audit, trustee, custodial and safekeeping fees, interest, operating, and administrative costs (other than advertising, distribution and promotional expenses which are the responsibility of Sun Life), investor servicing costs, and costs of financial and other reports used by the Segregated Fund;
 - (iii) all contractual obligations for the payment of money or property;
 - (iv) all allowances for taxes (if any) or contingencies; and
 - (v) all other liabilities of the Segregated Fund of whatsoever kind and nature.

In normal situations, each transaction of purchase or sale of a portfolio asset effected by a Segregated Fund shall be reflected in the next calculation of the Net Asset Value of the Segregated Fund made after the date on which such transaction becomes binding.

SUN LIFE SEGREGATED FUNDS (CONVENTIONAL FUNDS)

DESCRIPTION OF FUND OPERATIONS

Valuation Date

Valuation Date means any Business Day of Sun Life. Sun Life reserves the right to change the frequency of valuation on an exceptional basis and may postpone any Valuation Date for such periods as it may consider necessary for the protection of those participating in the Segregated Fund.

Determination of Unit Values

The Unit Value for any Valuation Date is the dollar value of one Unit of a Segregated Fund for the Valuation Date, as determined by Sun Life.

The Unit Value of a Segregated Fund on the initial Valuation Date is an arbitrary value, such as \$10.00. The Unit Value of any Segregated Fund on any Valuation Date other than the initial Valuation Date will be determined by dividing:

- (a) the Net Asset Value of the Segregated Fund on that date, plus
- (b) any payments from the Segregated Fund since the last Valuation Date, less
- (c) any payments into the Segregated Fund since the last Valuation Date, by
- (d) the number of Units in the Segregated Fund on the previous Valuation Date.

The new Unit Value will remain unchanged up to but not including the next Valuation Date.

We reserve the right to increase the number of Units by splitting each existing Unit into more Units, thus reducing the value of each Unit proportionately. Conversely, the number of existing Units may be reduced by combining existing Units. In no event will the Net Asset Value of a Segregated Fund be affected by such increase or decrease in the number of Units.

Determination of Account Value

Upon receipt of a Contribution, Sun Life will create an Account to reflect Contributions directed to a Segregated Fund. Once an Account has been established (on an individual Member or Policy basis as the case may be) further Contributions directed to such Segregated Fund will be credited to the previously established Account.

Benefits payable under the Policy will vary in amount depending upon (i) the dollar value in any Account in a Segregated Fund on any date; and (ii) the Net Asset Value of the Segregated Fund as determined from time to time and shall be a proportionate part thereof.

The Net Asset Value of a Segregated Fund is apportioned among Accounts maintained therein by means of Units. Amounts credited or charged to Accounts in a Segregated Fund are converted into Units on the Valuation Date coincident with or immediately following the date on which they are credited or charged, based on the Unit Value computed on that Valuation Date.

The dollar value of any Account in a Segregated Fund is determined on any date by multiplying the number of Units to the credit of such Account on such date by the Unit Value of that Segregated Fund as at the Valuation Date coincident with such date.

Sun Life may, at its option, pay all or any portion of any amount withdrawn from the Segregated Fund in the portfolio securities of the relevant Segregated Fund.

SUN LIFE SEGREGATED FUNDS (CONVENTIONAL FUNDS)

DESCRIPTION OF FUND OPERATIONS

Fund Maturity Date

For the Segregated Funds that are part of our standard investment offering included in responses to a request for proposal (the “standard investment offering”) or that invest in External Unitized target date Funds that are part of our standard investment offering (as amended from time to time by Sun Life in its sole discretion) and that have a fund maturity or target date, the following two steps will be followed, without prior notice:

1. On the date established within the Segregated Fund’s description as the fund’s maturity or target date (the “Maturity Date”), the asset mix of the Segregated Fund, or in the case of a Segregated Fund which invests solely in units of an underlying target date fund, of the underlying fund, will become the final asset mix and thereafter remain constant; and
2. On the date of transfer (the “Sweep Date”), the assets within the Segregated Fund will be automatically transferred from the Segregated Fund to another Segregated Fund with a substantially similar asset mix and designed specifically to receive such transfers (the “Retirement Fund”).

Each Series of maturity or target date Segregated Funds has its own Maturity Date and its own Sweep Date, as communicated to You, which could be the same date. The maturity date process for Segregated Funds that invest in units of an External Unitized Fund that is not part of our standard investment offering will be as determined by the External Unitized Fund manager.

Legal Context of Units

It is expressly understood and agreed that Units represent simply a means of measuring Your and/or the Member’s participation in a particular Segregated Fund and that they have no independent existence or other significance whatsoever.

Short Term Trading

For the purposes of this Description of Fund Operations, a short term trade means a Member initiated inter-fund transfer into a particular Segregated Fund followed by a Member initiated inter-fund transfer out of the same Segregated Fund within 30 days (the “short term trading transaction”). Subject to certain exceptions set out below, Members who engage in a short term trading transaction in any Segregated Funds will be charged a fee equal to two percent of each amount transferred out of the Segregated Fund pursuant to a short term trade to a maximum of the aggregate amount transferred into the Segregated Fund within the previous 30 day period. The fee may not apply in cases of administrative expediency. The proceeds from any such fee will be paid into, and form part of the assets of, the Segregated Fund. Members who persist in engaging in short term trading transactions may be subject to such other means of deterrence as Sun Life may reasonably determine, including but not limited to delays in the execution of inter-fund transfers and removal of access, temporary or otherwise, to the Member web site. This paragraph does not apply to a short term trading transaction in a Segregated Fund which is a Guaranteed Fund or a money market Fund or to Segregated Fund maturity transactions, directly held stock or asset rebalancing transactions, or other non-Member initiated transactions.

SUN LIFE SEGREGATED FUNDS (CONVENTIONAL FUNDS)

DESCRIPTION OF FUND OPERATIONS

Sun Life's Responsibility

Sun Life may suspend its obligation to pay benefits under this Policy arising from a Segregated Fund where Units cannot be sold due to market conditions or such other circumstances set out in the Unavoidable Risk provision of the Service and Fee Agreement or due to redemption restrictions or liquidity constraints placed on the assets held within the Segregated Fund.

In the case of assets of a Segregated Fund which are pooled fund or mutual fund securities or other similar vehicles not managed by Sun Life, or insurance policies not issued by Sun Life or companies affiliated with Sun Life, (the "External Unitized Funds"), the holding or safeguarding of the assets of the External Unitized Funds is the responsibility of the manager of such security, or issuer of such insurance policy (the "External Unitized Fund Manager"), and Sun Life shall have no duty or responsibility with respect to that. Sun Life shall not be liable for any act or omission resulting in loss, destruction, disappearance, conversion or misappropriation of the assets of the External Unitized Funds unless caused by its own negligence or malfeasance. Portfolio investment decisions made with respect to the External Unitized Funds are the responsibility of the External Unitized Fund Manager and Sun Life shall not be held responsible for such decisions. The liability of Sun Life to You under the Policy with respect to such asset of a Segregated Fund varies in amount depending upon the market value of such asset of the Segregated Fund as so determined from time to time by the External Unitized Fund Manager, provided that Sun Life shall be liable to make payments under this Policy only to the extent assets are available to Sun Life.

In the case of any other type of assets of a Segregated Fund, Sun Life shall be responsible for the holding and safeguarding of such assets and shall be liable for any act or omission resulting in loss, destruction, disappearance, conversion or misappropriation of such assets.

Administrative practices regarding the flow of funds between a Segregated Fund and the corresponding External Unitized Fund may cause the investment rate of return of the Segregated Fund to be higher or lower than that of the External Unitized Fund. **This variance should be particularly noted in situations where the External Unitized Fund is represented to provide an investment rate of return based on a passive investment style or a generally-accepted and specified index (e.g. the S&P/TSX Composite Index or the S&P 500).** Sun Life's liability under the Policy is measured solely by reference to the performance of the Segregated Fund and not the External Unitized Fund.

External Unitized Funds within Sun Life's standard investment offering

In the event that assets are not made available to Sun Life in respect of an External Unitized Fund that is marketed as part of Sun Life's standard investment offering (as amended from time to time by Sun Life in its sole discretion) as a result of the negligence or malfeasance of the External Unitized Fund Manager or their agents, Sun Life will notify You immediately on becoming aware of such occurrence. Sun Life will pursue its legal remedies against such parties in its capacity as unit holder and may also, if requested by You, assign any such cause of action to You. Sun Life's monitoring services as set out in the documents describing Sun Life's standard investment offering and as made available to You are supplemental to Your Plan governance activities. These services rely on information provided by the respective External Unitized Fund Managers and do not involve any on-site forensic audits of the External Unitized Fund Manager by Sun Life.

SUN LIFE SEGREGATED FUNDS (CONVENTIONAL FUNDS)

DESCRIPTION OF FUND OPERATIONS

External Unitized Funds outside of Sun Life's standard investment offering

In the event that assets are not made available to Sun Life in respect of an External Unitized Fund that is not marketed as part of Sun Life's standard investment offering (as amended from time to time by Sun Life in its sole discretion) as a result of the negligence or malfeasance of the External Unitized Fund Manager or their agents, Sun Life will notify You immediately on becoming aware of such occurrence. Sun Life will pursue its legal remedies against such parties in its capacity as unit holder or, alternatively, Sun Life may at its discretion assign any such cause of action to You. You will indemnify and save harmless Sun Life and its subsidiaries, affiliates and successors and their respective directors, officers, agents and employees from and against any claims, demands, actions, causes of action, damage, loss, costs, liability or expense, including reasonable legal fees and expenses which may be made or brought against Sun Life and/or which Sun Life may suffer or incur as a result of, in respect of, or arising out of Sun Life's pursuit of its legal remedies.

Delegation

Sun Life will have the power to delegate any of its powers and obligations with respect to the control, management and administration of each Segregated Fund without requiring the permission of You or any Member but will remain responsible for the performance of that delegate. Sun Life may, in delegating any of its powers or obligations under the Description of Fund Operations, appoint or retain agents and grant such persons powers of delegation and sub-delegation and reimburse such persons with respect to services rendered and expenses incurred on behalf of each Segregated Fund.

SUN LIFE FINANCIAL MILESTONE FUNDS

DESCRIPTION OF FUND OPERATIONS

The Sun Life Financial Milestone® Funds (collectively the “Milestone Funds”, and individually a “Milestone Fund”) are a series of Segregated Funds each of which has a unique Maturity Date. This Description of Fund Operations is applicable to each such Milestone Fund.

Description

The Milestone Fund's objective is to provide the opportunity for capital appreciation during the term of the Milestone Fund and to provide, on the Maturity Date, an amount per Unit equal to the greatest of \$10.00 (the Net Asset Value per Unit of each Milestone Fund on the start date of the Milestone Fund), the highest month-end Net Asset Value per Unit during the period from the start date of the Milestone Fund until the Maturity Date of the Milestone Fund or the Net Asset Value per Unit on the Maturity Date of the Milestone Fund. Contributions to the Milestone Fund will be invested in fixed income securities as well as in the Underlying Fund, a mutual fund that holds cash equivalents and provides exposure to global equity markets through the use of derivatives.

Definitions

Unless otherwise defined below, any capitalized terms will have the meaning ascribed to them in the Policy to which this Description of Fund Operations is attached.

“Accelerated Guaranteed Amount” means the amount determined in accordance with sub-section 3(d) hereof;

“Accelerated Guaranteed Value” means the amount per Unit determined in accordance with sub-section 3(b) hereof;

“Accelerated Maturity Date” means, in respect of a Milestone Fund, the date prior to the Maturity Date that the Milestone Fund is effectively terminated;

“Business Day” means any day on which Sun Life is open for business except for a day on which (i) the purchase and sale of securities or contributions to or redemptions from the Underlying Fund, is not reasonably practicable, or (ii) the determination of the net asset value of any investment option made available by Sun Life is not reasonably practicable;

“Guarantee” means the guarantee of Sun Life in favour of each Milestone Fund whereby Sun Life guarantees the Guaranteed Amount or the Accelerated Guaranteed Amount, as the case may be, in respect of all Units of the Milestone Fund to the extent that the Net Asset Value of the Milestone Fund as of the Maturity Date or the Accelerated Maturity Date, as the case may be, is less than the aggregate Guaranteed Value or aggregate Accelerated Guaranteed Value, respectively;

“Guaranteed Amount” means the amount determined in accordance with sub-section 3(c) hereof;

“Guaranteed Value” means the amount per Unit determined in accordance with sub-section 3(a) hereof;

“Guaranteed Value Calculation Date” means the last Valuation Date in each calendar month;

SUN LIFE FINANCIAL MILESTONE FUNDS

DESCRIPTION OF FUND OPERATIONS

“Maturity Date” means, in respect of a Milestone Fund, the date that the Milestone Fund is scheduled to terminate, and more particularly, June 30th of the calendar year noted in the name of the Milestone Fund;

“Milestone Fund” means a Sun Life Financial Milestone Segregated Fund;

“Net Asset Value” means the Milestone Fund value determined in accordance with Section 2(a);

“Net Present Value of the Guaranteed Value” means the amount determined by applying the Prevailing Discount Rates to the greater of: (i) \$10.00 per Unit; or (ii) the highest Net Asset Value per Unit on the Guaranteed Value Calculation Date of any calendar month during the period from the start date of the Milestone Fund until the date of the notice to You advising of the Accelerated Maturity Date of the Milestone Fund pursuant to Section 6 hereof, being the Guaranteed Value on the date of such notice to You. Each Prevailing Discount Rate shall be applied to that percentage of such Guaranteed Value that is equal to the percentage that the corresponding fixed income security represents, in terms of principal amount, of all of the fixed income securities held in the Milestone Fund. In addition, each Prevailing Discount Rate shall be applied for the period from and including the tenth Business Day prior to the Accelerated Maturity Date to and including the maturity date of the corresponding fixed income security held in the Milestone Fund;

“Prevailing Discount Rate” means, in respect of the calculation of the Net Present Value of the Guarantee Value for Units of a Milestone Fund and in respect of each fixed income security held in the Milestone Fund, the yield on the tenth Business Day prior to the Accelerated Maturity Date of the Milestone Fund of that fixed income security and “Prevailing Discount Rates” means all of such yields in respect of all of the fixed income securities held in the Milestone Fund;

“Rollover Fund” means the Sun Life Segregated Fund designated in writing by Sun Life from time to time for the purposes of receiving the amount payable pursuant to sub-section 4(a) or (b), or Section 5, on behalf of each Member;

“Underlying Fund” means the mutual fund managed by Sun Life Global Investments (Canada) Inc. which is held as part of the active component of each Milestone Fund’s portfolio;

“Valuation Date” means any Business Day. Sun Life reserves the right to change the frequency or timing of valuation on an exceptional basis.

1. Determination of Account Value

Upon receipt of a Contribution, Sun Life will create an Account to reflect Contributions directed to a Milestone Fund. Once an Account has been established (on an individual Member or Policy basis as the case may be) further Contributions directed to such Milestone Fund will be credited to the previously established Account.

Benefits payable under the Policy will vary in amount depending on the dollar value of any Account in a Milestone Fund on any date.

SUN LIFE FINANCIAL MILESTONE FUNDS

DESCRIPTION OF FUND OPERATIONS

The Net Asset Value of a Milestone Fund is apportioned among Accounts maintained therein by means of Units. Amounts credited and charged to Accounts in a Milestone Fund are converted into Units on the Valuation Date coincident with the date on which they are credited or charged, based on the Net Asset Value per Unit computed on that Valuation Date.

The dollar value of any Account in a Milestone Fund is determined on any date by multiplying the number of Units to the credit of such Account on such date by the Net Asset Value per Unit of that Milestone Fund as at the Valuation Date coincident with such date.

2. Computation of Net Asset Value

- (a) The Net Asset Value of a Milestone Fund as at any particular time on a Valuation Date is the value as at such time of all assets of that Milestone Fund minus all of the liabilities of that Milestone Fund as at such time. In calculating the Net Asset Value of a Milestone Fund as at any particular time, and in any event no later than 8:00 p.m. Eastern Time on a Business Day, the following valuation principles shall apply:
- (i) the value of any cash or its equivalent on hand, on deposit or on call, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest declared but not yet received will be its face amount;
 - (ii) the value of any treasury bill shall be its amortized cost;
 - (iii) the value of any fixed income securities shall be the end of day closing price as provided on the Scotia Capital PC Bond - Bond Pricing Services. In the event that the Scotia Capital PC Bond – Bond Pricing Services system is not available on that Valuation Date, the end of day closing price from the Bloomberg public quotation system shall be used, or, should the Bloomberg public quotation system be unavailable, the fair market value of the said fixed income securities as determined by Sun Life, acting reasonably;
 - (iv) the value of any security of a mutual fund held by a Milestone Fund will be the last available net asset value per security;
 - (v) the value of any insurance policy based on a segregated fund(s) held by a Milestone Fund shall be determined by multiplying the aggregate number of units of each segregated fund by the last available net asset value per unit of each segregated fund;
 - (vi) options purchased by a Milestone Fund will be valued at the closing sale price of such options on a clearing corporation or other market on which they are traded selected by Sun Life, or, if no sale has taken place on such Valuation Date, at the last recorded sale price or the average between the last recorded bid and asked prices, whichever more accurately reflects, in the opinion of Sun Life, the fair value of such options;
 - (vii) the value of forward contracts will be the current cost of covering or offsetting the contract, provided that any difference resulting from re-valuation shall be treated as an unrealized gain or loss on investments; and

SUN LIFE FINANCIAL MILESTONE FUNDS

DESCRIPTION OF FUND OPERATIONS

- (viii) the value of all other assets and of any asset for which price quotations are not available or for which the face value or other specified valuation is not, in the opinion of Sun Life appropriate, shall be determined by Sun Life on such basis and in such manner which fairly and accurately reflects Sun Life's opinion on the value of such assets.
- (b) The assets of a Milestone Fund shall be deemed to include:
- (i) all cash or its equivalent on hand, on deposit or on call, including any interest accrued thereon;
 - (ii) bills, demand notes and accounts receivable;
 - (iii) all shares, debt obligations, insurance policies, subscription rights and other securities owned or contracted for by Sun Life in respect of the Milestone Fund;
 - (iv) all stock and cash dividends and cash distributions to be received by Sun Life in respect of the Milestone Fund and not yet received by it but declared to securityholders of record on a date on or before that time;
 - (v) all interest accrued on any fixed interest-bearing securities owned by Sun Life in respect of the Milestone Fund that is included in the quoted price; and
 - (vi) all other property of every kind and nature, including prepaid expenses and derivatives as permitted from time to time by the applicable pension or insurance regulators.
- (c) The liabilities of a Milestone Fund shall be deemed to include:
- (i) all bills, demand notes and accounts payable;
 - (ii) all expenses incurred or payable by the Milestone Fund (including brokerage commissions and other expenses of buying and selling securities for a Milestone Fund, and any expenses relating to the operation of a Milestone Fund, including legal, audit, trustee, custodial and safekeeping fees, interest, operating, and administrative costs (other than advertising, distribution and promotional expenses which are the responsibility of Sun Life), investor servicing costs, and costs of financial and other reports used by the Milestone Fund);
 - (iii) all contractual obligations for the payment of money or property;
 - (iv) all allowances for taxes (if any) or contingencies; and
 - (v) all other liabilities of the Milestone Fund of whatsoever kind and nature.

SUN LIFE FINANCIAL MILESTONE FUNDS

DESCRIPTION OF FUND OPERATIONS

- (d) Notwithstanding the foregoing, in the event the Underlying Fund custodian cannot provide a unit value for the Underlying Fund for a given Business Day as a result of circumstances that are beyond its reasonable control, then the Net Asset Value will not be considered binding unless approved in writing by Sun Life Global Investments (Canada) Inc. Once the correct Underlying Fund unit value is received from the Underlying Fund's custodian and incorporated into the Net Asset Value, the Net Asset Value can be considered binding. In normal situations, each transaction of purchase or sale of a portfolio asset effected by a Milestone Fund shall be reflected in the next calculation of the Net Asset Value of the Milestone Fund made after the date on which such transaction becomes binding.
- (e) The Net Asset Value per Unit of a Milestone Fund as at any particular time is the quotient obtained by dividing the applicable Net Asset Value as at such time by the total number of Units outstanding at such time. This calculation shall be made without taking into account any Contribution to or withdrawal from a Milestone Fund to be processed by the Milestone Fund immediately after the time of such calculation on that Valuation Date. The Net Asset Value per Unit of a Milestone Fund shall be calculated on each Valuation Date as at such time on every Valuation Date and the Net Asset Value per Unit so determined shall remain in effect until the time as of which the Net Asset Value per Unit is next determined.
- (f) The Net Asset Value per Unit of a Milestone Fund on the initial Valuation Date shall be \$10.00.

3. Calculation of Guaranteed Value, Accelerated Guaranteed Value, Net Present Value of the Guaranteed Value, Guaranteed Amount and Accelerated Guaranteed Amount

- (a) The Guaranteed Value of each Unit of a Milestone Fund as at any particular time is equal to the greater of: (i) \$10.00 per Unit; or (ii) the highest Net Asset Value per Unit on the Guaranteed Value Calculation Date of any calendar month during the period from the start date of the Milestone Fund until the Maturity Date of the Milestone Fund; or, in the case only of the calculation of the Guaranteed Value on the Maturity Date, (iii) the Net Asset Value per Unit on the Maturity Date. This calculation shall be made on each Guaranteed Value Calculation Date and on the Maturity Date, in each case immediately following the calculation of the Net Asset Value per Unit on that date. The initial Guaranteed Value of each Unit of a Milestone Fund is \$10.00. On each Guaranteed Value Calculation Date and on the Maturity Date, as the case may be, the then current Guaranteed Value is compared to the Net Asset Value per Unit calculated on such date. If the current Guaranteed Value for each Unit is higher than the Net Asset Value per Unit so calculated, the Guaranteed Value remains unchanged. If the current Guaranteed Value for each Unit is lower than the Net Asset Value per Unit so calculated, the Guaranteed Value shall be increased to equal that Net Asset Value per Unit. In no event shall the Guaranteed Value of a Unit ever decrease. The Guaranteed Value so determined shall remain in effect until the time as of which the Guaranteed Value is next calculated. For greater certainty, the Guaranteed Value shall not be determined at any time after notice is provided to policyholders of the Accelerated Maturity Date of a Milestone Fund pursuant to Section 6.

SUN LIFE FINANCIAL MILESTONE FUNDS

DESCRIPTION OF FUND OPERATIONS

- (b) The Accelerated Guaranteed Value of each Unit of a Milestone Fund as at the Accelerated Maturity Date of a Milestone Fund is equal to the greater of (i) the Net Present Value of the Guaranteed Value of the Units; or (ii) the Net Asset Value per Unit on the Accelerated Maturity Date. The calculation of the Net Present Value of the Guaranteed Value for each Unit and the calculation of the Accelerated Guaranteed Value for each Unit shall only be made on the Accelerated Maturity Date, if any, of the Milestone Fund immediately following the calculation of the Net Asset Value per Unit on the Accelerated Maturity Date.
- (c) The Guaranteed Amount of a Milestone Fund is the product obtained by multiplying the number of Units outstanding on the Maturity Date of the Milestone Fund by the positive difference, if any, obtained when the applicable Net Asset Value per Unit determined as at the Maturity Date of the Milestone Fund is subtracted from the Guaranteed Value per Unit of the Milestone Fund on the Maturity Date of the Milestone Fund. The calculation of the Guaranteed Amount of a Milestone Fund shall be made only on the Maturity Date of the Milestone Fund immediately following the calculation of the Guaranteed Value of each Unit of the Milestone Fund on the Maturity Date.
- (d) The Accelerated Guaranteed Amount of a Milestone Fund is the product obtained by multiplying the number of Units outstanding on the Accelerated Maturity Date of the Milestone Fund by the positive difference, if any, obtained when the applicable Net Asset Value per Unit determined as at the Accelerated Maturity Date of the Milestone Fund is subtracted from the Accelerated Guaranteed Value per Unit of the Milestone Fund. The calculation of the Accelerated Guaranteed Amount of a Milestone Fund shall be made only on the Accelerated Maturity Date, if any, of the Milestone Fund immediately following the calculation of the Accelerated Guaranteed Value of each Unit of the Milestone Fund on the Accelerated Maturity Date.
- (e) Any amounts being withdrawn from a Milestone Fund on the Maturity Date or the Accelerated Maturity Date, as the case may be, of the Milestone Fund arising solely by virtue of the operation of the Milestone Fund and not as a result of a Member initiated withdrawal shall be deemed to remain outstanding until after the calculation of all amounts required hereunder to be calculated on the Maturity Date or the Accelerated Maturity Date, as the case may be, of a Milestone Fund.

4. Allocation of Guaranteed Value

The procedure for the allocation of the Guaranteed Value is as follows:

- (a) subject to any limitations and requirements determined from time to time by Sun Life, upon the effective termination of the Milestone Fund as of its Maturity Date, each Unit of the Milestone Fund outstanding on the Maturity Date in respect of which a completed withdrawal request was not received by Sun Life on or before 4:00 p.m. Eastern Time on the Maturity Date shall be automatically redeemed by Sun Life at the Guaranteed Value for the Units and, on the next Business Day following the calculation and application of the Guaranteed Amount, if any, Sun Life will transfer to the Rollover Fund, on behalf of each Member whose Units are automatically redeemed, an amount equal to the aggregate Guaranteed Value attributable to each such Member; and

SUN LIFE FINANCIAL MILESTONE FUNDS

DESCRIPTION OF FUND OPERATIONS

- (b) subject to any limitations and requirements determined from time to time by Sun Life, upon the effective termination of the Milestone Fund as of its Accelerated Maturity Date, each Unit of the Milestone Fund outstanding on the Accelerated Maturity Date in respect of which a completed withdrawal request was not received by Sun Life on or before 4:00 p.m. Eastern Time on the Accelerated Maturity Date shall be automatically redeemed by Sun Life at the Accelerated Guaranteed Value for the Units and, on the next Business Day following the calculation and application of the Accelerated Guaranteed Amount, if any, Sun Life will transfer to the Rollover Fund, on behalf of each Member whose Units are automatically redeemed, an amount equal to the aggregate Accelerated Guaranteed Value attributable to each such Member.

5. Rejected Contributions

Sun Life shall be entitled in its discretion to close a Milestone Fund to new Contributions. Any moneys received thereafter shall be deposited into the Rollover Fund immediately.

6. Termination

- (a) Maturity Date
Subject to the declaration of an Accelerated Maturity Date of a Milestone Fund as set out below, and without notice to You or the Members, each Milestone Fund shall terminate effective as of the applicable Maturity Date.
- (b) Accelerated Maturity Date
The Maturity Date of a Milestone Fund may be accelerated without the approval of You or the Members and Sun Life may declare an Accelerated Maturity Date for a Milestone Fund in one of the following circumstances:
 - (i) Sun Life determines, in its sole discretion, that the Milestone Fund has not achieved or sustained an economically viable asset size; or
 - (ii) Sun Life determines, in its sole discretion, that it is in the best interests of You and the Members of the Milestone Fund to accelerate the Maturity Date of the Milestone Fund.

In addition, the Maturity Date of a Milestone Fund shall be accelerated without the approval of You or the Members and Sun Life shall declare an Accelerated Maturity Date for a Milestone Fund if all of the assets of the Milestone Fund are allocated to the fixed income component of the portfolio of the Milestone Fund.

Upon the declaration of an Accelerated Maturity Date of a Milestone Fund by Sun Life, that Milestone Fund shall be automatically closed to new Contributions. Sun Life will provide You with at least 60 days' prior written notice of any declaration of an Accelerated Maturity Date of a Milestone Fund pursuant to this Section, which notice shall specify the Accelerated Maturity Date of the Milestone Fund and shall provide You with details as to the closure of the Milestone Fund to new Contributions.

SUN LIFE FINANCIAL MILESTONE FUNDS

DESCRIPTION OF FUND OPERATIONS

(c) Procedure on Termination

On the Maturity Date or Accelerated Maturity Date, as the case may be, of a Milestone Fund or as soon thereafter as Sun Life deems advisable, Sun Life may sell all non-cash assets of the Milestone Fund, if any, and then process any transactions contemplated pursuant to sub-section 4(a) or (b) hereof. Except as provided herein, as of and from the Maturity Date or Accelerated Maturity Date, as the case may be, of the Milestone Fund, all further transactions in respect of the Milestone Fund shall cease.

(d) No Further Activities

Following the Maturity Date or Accelerated Maturity Date, as the case may be, of a Milestone Fund, Sun Life shall close the Milestone Fund.

7. **The Guarantee**

The Guarantee is an irrevocable obligation of Sun Life.

8. **Legal Context of Units**

It is expressly understood and agreed that Units represent simply a means of measuring Your and/or the Member's participation in a particular Milestone Fund and that they have no independent existence or other significance whatsoever.

9. **Short Term Trading**

For the purposes of this Description of Fund Operations, a short term trade means a Member initiated inter-fund transfer into a Milestone Fund followed by a Member initiated inter-fund transfer out of the same Milestone Fund within 30 days (the "short term trading transaction"). Subject to certain exceptions set out below, Members who engage in a short term trading transaction in any Milestone Funds will be charged a fee equal to two percent of each amount transferred out of the Milestone Fund pursuant to a short term trade to a maximum of the aggregate amount transferred into the Milestone Fund within the previous 30 day period. The fee may not apply in cases of administrative expediency. The proceeds from any such fee will be paid into, and form part of the assets of, the Milestone Fund. Members who persist in engaging in short term trading transactions may be subject to such other means of deterrence as Sun Life may reasonably determine, including but not limited to delays in the execution of inter-fund transfers and removal of access, temporary or otherwise, to the Member web site. This paragraph does not apply to a short term trading transaction in a Fund which is a Guaranteed Fund or a money market Fund or to Milestone Fund maturity transactions, directly held stock or asset rebalancing transactions, or other non-Member initiated transactions.

10. **Investment of Assets**

The assets of each Milestone Fund and the income therefrom will be invested and reinvested by Sun Life at its sole discretion and without distinction between principal and income. The assets of each Milestone Fund will be invested in accordance with the investment policy, which may be changed from time to time by Sun Life without any prior notice to You or any Member.

SUN LIFE FINANCIAL MILESTONE FUNDS

DESCRIPTION OF FUND OPERATIONS

11. Delegation

Sun Life will have the power to delegate any of its powers and obligations with respect to the control, management and administration of each Milestone Fund without requiring the permission of You or any Member but will remain responsible for the performance of that delegate. Sun Life may, in delegating any of its powers or obligations under the Description of Fund Operations, appoint or retain agents and grant such persons powers of delegation and sub-delegation and reimburse such persons with respect to services rendered and expenses incurred on behalf of each Milestone Fund.

12. Sun Life's Responsibility

Sun Life may suspend its obligation to pay benefits under this Policy arising from a Segregated Fund where Units or other securities cannot be sold due to market conditions or such other circumstances set out in the Unavoidable Risk provision of the Service and Fee Agreement or due to redemption restrictions or liquidity constraints placed on the assets held within the Segregated Fund.

Except on a Maturity Date or an Accelerated Maturity Date the liability of Sun Life to You under the Policy with respect to a Milestone Fund varies in amount depending upon the market value of the assets of the Milestone Fund as so determined from time to time, provided that Sun Life shall be liable to make payments under this Policy only to the extent assets are available to Sun Life.

SUN LIFE GUARANTEED FUNDS (1 through 5 Year Terms)

DESCRIPTION OF FUND OPERATIONS

The Sun Life Guaranteed Funds will be available to You in accordance with the terms of the Policy.

Description

The Guaranteed Funds are interest paying Funds. For each of the Guaranteed Funds, Sun Life will set a new rate of interest from time to time.

Fund Investment

Upon receipt of a Contribution, Sun Life will create an Account to reflect Contributions directed to a Guaranteed Fund. Once an Account has been established (on an individual Member or Policy basis as the case may be) further Contributions to be invested in a Guaranteed Fund will be credited to the previously established Account at the annual interest rate which is established by Sun Life on the date a Contribution is credited to that Guaranteed Fund.

Each Contribution allocated to an Account in a Guaranteed Fund will, except as hereinafter provided, be held in such Guaranteed Fund for the full duration of the term. During the period of the term, a Contribution will be credited with a guaranteed rate of interest which will be compounded daily based on the annual interest rate which is established by Sun Life on the date a Contribution is credited to a Guaranteed Fund. On the expiry of the guaranteed period applicable to a Contribution, the Contribution together with accumulated interest will be re-allocated to that Guaranteed Fund for the same guaranteed period and on the same conditions as are applicable to new Contributions then being credited to that Guaranteed Fund, unless Sun Life is instructed otherwise prior to the expiry of the guaranteed period.

If a Contribution is withdrawn from an Account in a Guaranteed Fund before the expiry of its guaranteed period the amount payable in respect of such withdrawal will be the value set out in the table below:

Reason for withdrawal	Withdrawal value
Inter-fund transfer	Adjusted Value
Withdrawal during active Plan membership	Adjusted Value
Payment of benefit on retirement	Adjusted Value
Payment of benefit on termination of Plan membership	Adjusted Value
Payment of death or disability benefit	Book Value
Policy transfer or termination	Adjusted Value

Any partial amount withdrawn from the balance in an Account in a Guaranteed Fund will be withdrawn, on a pro-rata basis, from all Contributions held in the Account and accumulated interest.

Determination of Account Value

The balance in each Account in any Guaranteed Fund at any date will be the excess of the amounts credited to it on and prior to such date over the amounts charged to or withdrawn from it on and prior to such date.

SUN LIFE GUARANTEED DAILY INTEREST ACCOUNT

DESCRIPTION OF FUND OPERATIONS

Description

The Sun Life Guaranteed Daily Interest Account, referred to herein as “GDIA”, is an interest paying Guaranteed Fund. Sun Life will set a new rate of interest for the GDIA from time to time.

Fund Investment

Upon receipt of a Contribution, Sun Life will create an Account to reflect Contributions directed to the GDIA. Once an Account has been established (on an individual Member or Policy basis as the case may be) further Contributions to be invested in the GDIA will be credited to the previously established Account.

Each Account in the GDIA will be credited with interest each day on the basis of the day’s minimum balance and the rate of interest established for that day.

Determination of Account Value

The balance in each Account in the GDIA at any date will be the excess of the amounts credited to it on and prior to such date over the amounts charged to or withdrawn from it on and prior to such date.