

## **Sun Life Financial announces an industry first in Canada with the introduction of longevity insurance**

*Innovation protects pension plans from unexpected increases in members' life expectancy*

Toronto, ON, (December 9, 2011) – Sun Life Financial has introduced an innovative solution designed to lessen life expectancy risk for companies that offer defined benefit (DB) pension plans to employees. Longevity insurance provides plan sponsors with protection from the extra pension costs that arise if their plan members live longer than expected – something that is a growing phenomenon.

“From a company perspective, longevity insurance reduces cash and earnings volatility, allowing management to focus its time and attention on running its core business,” said Brent Simmons, Senior Managing Director, Defined Benefit Solutions, Group Retirement Services, Sun Life Financial Canada. “From a public policy and pensioner perspective, risk is transferred to a highly regulated insurance company, so plan members receive additional protection for their pensions.”

“As Canadians live longer due to advances in medicine and healthier living, many people can expect 30 or more years in retirement, making it more challenging for defined benefit plan sponsors to predict life expectancy,” Simmons said.

“Our customers told us there was a need to address this challenge, and we developed this innovative solution,” he said. “A miscalculation of longevity risk by a plan sponsor can be costly, resulting in higher pension payout levels than what a company or fund originally planned.”

The introduction of longevity insurance completes a full suite of innovative products and services offered by Sun Life to de-risk pension plans for employers. Other solutions include annuity buy-outs, annuity buy-ins and customized liability-driven investment (LDI) portfolios.

“We’re extremely pleased to introduce longevity insurance to Canada,” Simmons said. “Sun Life Financial has been at the forefront of innovation in the defined benefit de-risking world. We created and sold the first next-generation annuity buy-in in Canada in 2009, and have been the market leader in annuities for defined benefit plans since 2008. Earlier this year, we were awarded a \$400 million annuity buy-out, which is the largest Canadian single-day placement since LIMRA began keeping records in 1997.”

Sun Life launched Defined Benefit Solutions in late 2008 to help Canadian companies more effectively manage risks in their DB plans. These solutions allow plan sponsors to mitigate DB risk or transfer a portion of the DB risk from their balance sheet to Sun Life and take advantage of the Company’s investment, asset-liability management and longevity expertise.

Longevity insurance is issued by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies. The Company is the leading provider of group annuities in Canada with one of the largest investment management teams in the country with \$90 billion of fixed income assets and 200 professionals worldwide as at September 30, 2011. The first Sun Life annuity contract was issued in 1880.

## **About Sun Life Financial**

Sun Life Financial is a leading international financial services organization providing a diverse range of protection and wealth accumulation products and services to individuals and corporate customers. Chartered in 1865, Sun Life Financial and its partners today have operations in key markets worldwide, including Canada, the United States, the United Kingdom, Ireland, Hong Kong, the Philippines, Japan, Indonesia, India, China and Bermuda. As of September 30, 2011, the Sun Life Financial group of companies had total assets under management of \$459 billion. For more information please visit [www.sunlife.com](http://www.sunlife.com).

Sun Life Financial Inc. trades on the Toronto (TSX), New York (NYSE) and Philippine (PSE) stock exchanges under the ticker symbol SLF.

**Note to Editors: All figures in Canadian dollars.**

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