

# Sun Life Assurance Company of Canada



## SUN GUARANTEED INVESTMENT FUND SOLUTIONS – ESTATE SERIES SUPPLEMENT

Information folder and individual  
variable annuity contract

*issued by*

Sun Life Assurance Company of Canada

JUNE 2020



Life's brighter under the sun



# Sun Guaranteed Investment Fund Solutions – Estate Series supplement

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Information folder and individual variable annuity contract  
issued by Sun Life Assurance Company of Canada

June 2020

This document contains the Estate Series information folder and contract provisions and is a supplement to the Sun Guaranteed Investment Fund (GIF) Solutions information folder and contract. The segregated fund information folder is published by the Sun Life Assurance Company of Canada ("Sun Life") for information purposes only and is not an insurance contract. Sun Life is the issuer of the Sun GIF Solutions individual variable annuity contract and the guarantor of the guarantee provisions.

# Key facts

## Sun Guaranteed Investment Fund Solutions Estate Series

This summary provides a brief description of the Estate Series' features and benefits. This summary is not part of your contract.

The attached supplement provides information about the Estate Series. You should read it together with the Sun Guaranteed Investment Fund Solutions (Sun GIF Solutions) information folder and contract, and any other supplements for a guarantee series you have received, for complete information.

### What am I purchasing?

You are purchasing Estate Series units for your Sun GIF Solutions contract.

**The value of your contract can go up or down and is subject to guarantees.**

### What guarantees are available?

The Estate Series gives you maturity and death benefit guarantees, that apply when you reach a certain age or when you die, whichever happens first. The benefits are calculated as follows:

- **Maturity guarantee:** protects the value of the premiums you paid on the contract maturity date (most often age 100). The maturity guarantee is 75% of all premiums you paid, less a reduction for withdrawals.
- **Death benefit guarantee:** protects the value of the premiums you paid on death. The death benefit guarantee is 100% of all premiums you paid, less a reduction for withdrawals. The death benefit will be reset each year until age 80 if the market value is greater than the current death benefit guarantee value.

Any withdrawals you make will reduce the maturity and death benefit guarantees. See section 3, Guaranteed benefits, in this supplement for more information.

Different guarantee series may be available that offer income guarantees or reduced death benefits. These benefits are calculated separately for each series.

### What investments are available?

You may choose from a number of segregated funds. For a list of available funds see our website at [sunlifegifs.ca/investmentoptions](http://sunlifegifs.ca/investmentoptions) or talk to your insurance advisor. The funds are described in the fund facts. Read the fund facts for more information about the funds.

Sun Life does not guarantee the performance of funds. Before you select a fund, carefully consider your risk tolerance.

### How much will this cost?

The cost depends on the funds and sales charge option you choose.

#### Sales charge options

Depending on the sales charge options you choose, we may either deduct a sales commission from your premium or apply a deferred sales charge for certain withdrawals. You may pay deferred sales charges for withdrawals made during the first seven years for the DSC sales charge option or three years for the low-load sales charge option, following the date of each deposit. You may also choose the advisor chargeback option where the distributor and insurance advisor may have to return all or part of their sales commission for withdrawals made during the first two years following the date of each deposit. Fee-based accounts may have different sales charge options. See section 5, Fees and charges, in the Sun GIF Solutions information folder for more information.

The Private Client program may have different options. See section 10, Private Client program, in the Sun GIF Solutions information folder for more information.

#### Fees and expenses

There are fees to cover the cost of providing the guarantees, the management fee for the fund and other expenses. We deduct these fees, expenses and applicable taxes from the fund. The total fees and expenses charged to the fund over the calendar year are used to determine the Management Expense Ratio (MER). The MER is a measure of the cost to run the fund.

The unit value of a fund is reduced by the fees and expenses. Fee-based accounts may have different sales charge options. See section 5, Fees and charges, in the Sun GIF Solutions information folder for more information.

O class units in the Private Client program have some fees that are paid directly by you which are not included in the MER. See section 5, Fees and charges, in the Sun GIF Solutions information folder for more information.

### ***Other fees***

Sun Life may charge additional fees for certain transactions including early withdrawals and fund switches. We may also charge small policy fees. See section 5, Fees and charges, in the Sun GIF Solutions information folder for more information.

See our website at [sunlifegifs.ca/investmentoptions](http://sunlifegifs.ca/investmentoptions) or talk to your insurance advisor for detailed information about the fees associated with the funds.

### **What can I do after I purchase the Estate Series units?**

You can make additional deposits, request withdrawals, change the funds you are invested in, and transition to different guarantee series within your contract, subject to our administrative rules. When your contract reaches the maturity date you will have options available. If you don't select an option we will provide you with a payout annuity.

### ***Age limitations***

We set the latest ages that you can make premium payments or deposits to the Estate Series based on our administrative rules or the Income Tax Act depending on the registration type of your contract. See section 2.1, Deposits, in the information folder for more information.

### ***Other information***

Certain restrictions and other conditions may apply. Review the supplement and the Sun GIF Solutions information folder and contract for your rights and obligations and discuss any questions with your insurance advisor.

### **What information will I receive about my contract?**

At least once a year we will send you a summary of the value of your investments and the transactions you made.

The annual audited financial statements and semi-annual unaudited financial statements for each fund are available on Sun Life's website or on request.

### **Can I change my mind?**

Yes, you can change your mind about purchasing Estate Series units. If you change your mind you must tell us in writing within two business days after the date you received confirmation of your purchase. We deem that you have received the confirmation five business days after we mailed it.

The amount we return to you will be the amount of premium you paid or the value of your investments, whichever is less. The amount returned will include a refund of any sales commissions or other fees you paid. If the return of funds will cause a \$0 balance in the Estate Series, then this supplement will no longer form part of your contract.

### **Where can I get more information or help?**

For more information, please contact your insurance advisor, read the Sun GIF Solutions information folder and contract and the Estate Series supplement or you may contact us at:

Sun Life Assurance Company of Canada  
30 Adelaide Street East, Suite 1  
Toronto, Ontario M5C 3G9  
Canada

1-844-SLF-GIFS (1-844-753-4437)

Email: [gifs@sunlife.com](mailto:gifs@sunlife.com)

For information about handling issues you are unable to resolve with Sun Life, contact the OmbudService for Life and Health Insurance at 1-800-268-8099 or on the web at [olhi.ca](http://olhi.ca).

For information about additional protection that may be available for life insurance contract owners, contact Assuris, a company established by the Canadian life insurance industry. See [assuris.ca](http://assuris.ca) for details.

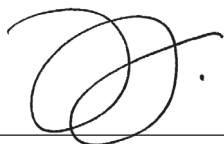
For information on how to contact the insurance regulator in your province visit the Canadian Council of Insurance Regulators website at [ccir-ccra.org](http://ccir-ccra.org).

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# Certificate

Sun Life Assurance Company of Canada certifies that this information folder supplement along with the Sun GIF Solutions information folder provides brief and plain disclosure of all material facts for the Estate Series in the Sun GIF Solutions individual variable annuity contract, issued by Sun Life Assurance Company of Canada (Sun Life).



**Jacques Goulet**

*President, Sun Life Canada*

*Sun Life Assurance Company of Canada*



**Jason Agaby**

*Vice President, Product Management*

*Sun Life Assurance Company of Canada*

## *Respecting your privacy*

Respecting your privacy is a priority for the Sun Life Financial group of companies. We keep in confidence personal information about you and the products and services you have with us to provide you with investment, retirement and insurance products and services to help you meet your lifetime financial objectives. To meet these objectives, we collect, use and disclose your personal information for purposes that include: underwriting; administration; claims adjudication; protecting against fraud, errors or misrepresentations; meeting legal, regulatory or contractual requirements; and we may tell you about other related products and services that we believe meet your changing needs. The only people who have access to your personal information are our employees, distribution partners such as advisors, and third-party service providers, along with our reinsurers. We will also provide access to anyone else you authorize. Sometimes, unless we are otherwise prohibited, these people may be in countries outside Canada, so your personal information may be subject to the laws of those countries. You can ask for the information in our files about you and, if necessary, ask us in writing to correct it. To find out more about our privacy practices, visit [sunlife.ca/privacy](https://sunlife.ca/privacy).

# Sun Guaranteed Investment Fund

## Solutions information folder – Estate Series

### *Section 1 General information*

This supplement contains the Estate Series information folder and contract provisions. It amends the Sun GIF Solutions information folder and contract.

In this supplement, “you”, “your”, and “owner” mean the owner of the contract. For non-registered contracts there can be more than one owner. “Sun Life”, “we”, “us”, and “our” mean Sun Life Assurance Company of Canada. Sun Life’s head office is located at 227 King Street South, Waterloo, Ontario N2J 4C5.

When we use the phrase “administrative rules” we mean our administrative rules in place at the time of a transaction. We may change our administrative rules, without notice to you, for various reasons including:

- to improve service,
- to reflect corporate policy, or
- for economic or legislative changes including revisions to the Income Tax Act.

Sun Life may refuse any purchase. Your receipt of this supplement does not constitute our acceptance.

Your purchase of the Estate Series takes effect on the valuation day of the first deposit and when Sun Life receives and accepts the Estate Series opening requirements. When our requirements are met we will send you a purchase confirmation. If any addendum or amendment is required we’ll send them to you and they will form part of the contract.

By allocating your deposits into the Estate Series, you are choosing the benefits you wish to receive. For a detailed description of the funds available, see our website at [sunlifegifs.ca/investmentoptions](http://sunlifegifs.ca/investmentoptions) or talk to your insurance advisor.

Purchasing units of a segregated fund means allocating your deposit to units of a fund. You do not own units or any part of the underlying fund.

Electronic versions of the information folder and contract, supplements and fund facts are available on our website at [sunlifegifs.ca/investorsresources](http://sunlifegifs.ca/investorsresources). To request printed copies of these documents contact our Client Service Team at 1-844-753-4437 (1-844-SLF-GIFS) or talk to your insurance advisor.

## Section 2 Financial transactions

Financial transactions include paying premiums, moving money within the contract, withdrawals, changing funds and changing guarantee series. Some financial transactions will affect your guaranteed values.

See section 3, Guaranteed benefits, for more information about how financial transactions affect the guarantees.

### 2.1 Deposits

A deposit is the premium amount you pay or the amount you transition from another guarantee series minus any sales charges or government taxes.

#### Minimum opening requirements

To establish the Estate Series you must satisfy our opening requirements. Your first premium or transition amount must meet our minimums. We will tell you if there are other requirements when you make your first deposit.

#### Minimum premium amounts

\$500 initial premium to a fund  
 \$100 for subsequent deposits  
 \$50 pre-authorized chequing plan (PAC) amount to a fund  
 \$5,000 to the dollar cost average (DCA) fund

#### Minimum premium amounts for the Private Client Program

For more information see our website at [sunlifegifs.ca/privateclientprogram](http://sunlifegifs.ca/privateclientprogram).

#### Valuation day

If your premium or transition amount meets our requirements, the Estate Series takes effect on the valuation day of your first deposit.

#### When you can make a premium payment or deposit

You can make a premium payment or deposit at any time until December 31st of the year the annuitant reaches the age shown in the chart below.

Contract's registration type	Age of annuitant (on December 31st of that year)	
	Premium payment or deposit	Contract maturity
Non-registered, TFSA	90 Deposits between January 1st of the year the annuitant turns 81 and December 31st of the year the annuitant turns 90 have restrictions, see details below.	100
RRSP, LIRA, LRSP, RLSP	71*	71*- by this age these registration types must be converted to a RRIF, LIF, LRIF, RLIF, or PRIF. See section 12.2, RRSP to RRIF conversions, in the Sun GIF Solutions contract for more information.
RRIF, LIF, LRIF, RLIF, PRIF (deposits from other registered contracts only)	90 Deposits between January 1st of the year the annuitant turns 81 and December 31st of the year the annuitant turns 90 have restrictions, see details below.	100

\* or the latest age permitted under the Income Tax Act

#### Restrictions for deposits between ages 81 and 90

Deposits, including pre-authorized chequing (PAC) plans and transitions, between January 1st of the year the annuitant turns 81 and December 31st of the year the annuitant turns 90 have limited investment and sales charge options available. Sales charge options available are:

- Front end load (FEL),
- F class, and
- O class.

For a list of the available investment options, see [sunlifegifs.ca/investmentoptions](http://sunlifegifs.ca/investmentoptions) or talk to your insurance advisor.

Switches for units that are purchased after January 1st of the year the annuitant turns 81 will only be permitted between the investment options that are available for deposits between January 1st of the year the annuitant turns 81 and December 31st of the year the annuitant turns 90.

### *How we apply your deposit*

We apply your deposit to buy units of the funds with the sales charge option you select. See section 5, Fees and charges, in the Sun GIF Solutions information folder for more information.

The valuation day is the date we receive your purchase instructions which include the fund(s) and sales charge option you chose. See section 4, Valuation, in the Sun GIF Solutions information folder for more information.

### *Payments not honoured*

If a payment is not honoured we may charge you an administrative fee to cover our expenses. If you are making payments using PAC and a payment is not honoured, we will attempt a second withdrawal. We may cancel the PAC according to the PAC authorization.

### *Our right to refuse or request additional information*

We may refuse to accept any deposit. We may also limit the amount you can deposit to any sales charge option.

We may, at any time, decide that a fund or the Estate Series is no longer available for new deposits.

We may request medical evidence about the annuitant before accepting a deposit. If we determine the medical evidence is incomplete or not satisfactory we may refuse the deposit.

## **2.2 Transitions**

A transition is moving money from one guarantee series to another guarantee series within your contract. Transitions, if available, are subject to our administrative rules. Transitions will affect the guarantees. For more information read the Sun GIF Solutions information folder and supplement for each guarantee series.

If you change sales charge options when you transition, we will charge any redemption fee that applies to the units redeemed. This will reduce the amount of the deposit.

Transitions into the Estate Series are a purchase of units. The maturity guarantee will be increased by 75% of the deposit amount. The death benefit guarantee will be increased by 100% of the deposit amount.

Transitions between January 1st of the year the annuitant turns 81 and December 31st of the year the annuitant turns 90 have limited investment and sales charge options available. For a list of available sales charge options, see Section 2.1 - Restrictions for deposits between ages 81 and 90. For a list of available investment options, see [sunlifegifs.ca/investmentoptions](http://sunlifegifs.ca/investmentoptions) or talk to your insurance advisor.

Transitions out of the Estate Series are a redemption of units and will proportionately reduce the maturity and death benefit guarantees. See section 3, Guaranteed benefits, for more information.

## **2.3 Withdrawals**

You may request withdrawals from the Estate Series units on a scheduled or unscheduled basis, depending on the registration type of the contract. Withdrawals you make will reduce the guarantees. See section 3, Guaranteed benefits, for more information.

The minimum withdrawal amounts are:

- Minimum of \$500 from a fund, or
- Minimum of \$100 a month for scheduled withdrawals.

For each withdrawal we redeem units at the unit value on the valuation day of the withdrawal. The value of the units redeemed will change with the market value of the underlying assets of the fund and is not guaranteed.

We may apply a fee for withdrawals. We deduct any fees and withholding taxes if required from your withdrawal. We set minimum amounts for withdrawals. The minimum amount is before any fees or withholding taxes are deducted. A redemption of all units in the Estate Series will terminate your rights under this supplement.

You cannot make cash withdrawals from LIRAs, LRSPs, or RLSPs unless an exception is permitted by pension law. Withdrawals from registered contracts, except TFSA, are taxable. Withdrawals from non-registered contracts may result in capital gains or losses. See section 8, Tax information, in the Sun GIF Solutions information folder for more information.

We process your withdrawal on the valuation day we receive your request. If we receive your request on a non-valuation day, we process it on the next valuation day. See section 4, Valuation, in the Sun GIF Solutions information folder for more information.

## Section 3 Guaranteed benefits

### 3.1 Maturity guarantee

On the contract maturity date there is a maturity guarantee benefit.

The maturity guarantee is 75% of all premiums or transitions applied to the Estate Series less a proportionate reduction for any withdrawals or transitions to other guarantee series.

The formula for proportionate reduction is:

- Proportionate reduction =  $MG \times W/MV$ 
  - MG = maturity guarantee amount immediately before withdrawals or transitions
  - W = market value of the units redeemed or transitioned
  - MV = total market value of the units for that guarantee series on the valuation day immediately before the withdrawal or transition

On the contract maturity date, the maturity benefit is the greater of:

- the maturity guarantee, or
- the total market value of the Estate Series.

If the total market value of all units held in the Estate Series is less than the maturity guarantee on the contract maturity date, we will immediately add units to increase the total market value to equal the maturity guarantee value. We call this a guarantee top-up.

### 3.2 Death benefit guarantee

If the last surviving annuitant dies on or before the contract maturity date, we pay the death benefit to the person entitled to receive it.

The death benefit guarantee for the Estate Series is 100% of all premiums or transitions applied to the Estate Series, plus any resets or deposits after a reset, less a proportionate reduction for any withdrawals or transitions to other guarantee series.

The formula for proportionate reduction is:

- Proportionate reduction =  $DG \times W/MV$ 
  - DG = death benefit guarantee amount immediately before withdrawals or transitions
  - W = market value of the units redeemed or transitioned
  - MV = total market value of the units for that guarantee series on the valuation day immediately before the withdrawal or transition

On the death of the last surviving annuitant, the death benefit is the greater of:

- the death benefit guarantee, or
- the total market value of the Estate Series on the death benefit date.

If the total market value of all units held in the Estate Series is less than the death benefit guarantee on the death benefit date we will immediately add units to increase the total market value to equal the death benefit guarantee value. We call this a guarantee top-up.

On the death benefit date, we will redeem all units of the existing funds and transfer the corresponding value to be held in a money market fund within the Estate Series until the death benefit is paid.

We will not charge redemption fees when we pay the death benefit.

**Example of maturity and death benefit guarantee for the Estate Series and the impact of deposits and withdrawals (when market value is greater than the sum of deposits)**

Date	Transaction	Amount	Market value before transaction	Market value after transaction	Maturity guarantee after transaction	Death benefit guarantee after transaction
Apr 2, 2020	Initial deposit	\$50,000	–	\$50,000	\$37,500 (\$50,000 x 75%)	\$50,000 (\$50,000 x 100%)
Jul 8, 2020	Subsequent deposit	\$15,000	\$51,000	\$66,000	\$48,750 [\$37,500 + (\$15,000 x 75%)]	\$65,000 [\$50,000 + (\$15,000 x 100%)]
Nov 10, 2020	Withdrawal	\$10,000	\$67,000	\$57,000	\$41,474* (\$48,750 – \$7,276)	\$55,299** (\$65,000 – \$9,701)

\* proportionate reduction =  $\$48,750 \times \$10,000 / \$67,000 = \$7,276$

\*\* proportionate reduction =  $\$65,000 \times \$10,000 / \$67,000 = \$9,701$

**Example of maturity and death benefit guarantee for the Estate Series and the impact of deposits and withdrawals (when market value is less than the sum of deposits)**

Date	Transaction	Amount (\$)	Market value before transaction	Market value after transaction	Maturity guarantee after transaction	Death benefit guarantee after transaction
Apr 2, 2020	Initial deposit	\$50,000	–	\$50,000	\$37,500 (\$50,000 x 75%)	\$50,000 (\$50,000 x 100%)
Jul 8, 2020	Subsequent deposit	\$15,000	\$48,000	\$63,000	\$48,750 [\$37,500 + (\$15,000 x 75%)]	\$65,000 [\$50,000 + (\$15,000 x 100%)]
Nov 10, 2020	Withdrawal	\$10,000	\$60,000	\$50,000	\$40,625* (\$48,750 – \$8,125)	\$54,167** (\$65,000 – \$10,833)

\* proportionate reduction =  $\$48,750 \times \$10,000 / \$60,000 = \$8,125$

\*\* proportionate reduction =  $\$65,000 \times \$10,000 / \$60,000 = \$10,833$

### 3.2.1 Death benefit guarantee resets

We reset the death benefit guarantee every year based on the market value of the Estate Series on the contract anniversary date. The final reset will take place on the contract anniversary date in the calendar year the annuitant turns 80. If the anniversary date is a non-valuation day, the reset will occur on the previous valuation day.

The reset will increase the death benefit guarantee to equal the market value if it is higher than the current death benefit guarantee.

If the market value is less than the current death benefit guarantee the death benefit guarantee will not change.

If a successor annuitant becomes the annuitant, we will continue the resets until the contract anniversary date in the calendar year the successor annuitant turns 80.

**Example of the death benefit guarantee reset**

Date	Transaction / event	Amount	Market value of Estate Series before transaction/event	Death benefit guarantee before transaction/event	Death benefit guarantee after transaction/event
May 1, 2020	Initial deposit	\$50,000	–	–	\$50,000
May 1, 2021	Reset		\$51,000	\$50,000	\$51,000
May 1, 2022	Reset		\$49,000	\$51,000	\$51,000

# Sun Guaranteed Investment Fund Solutions – Estate Series contract supplement provisions

## *Important information*

This is your Sun GIF Solutions – Estate Series contract supplement. It contains the provisions for the Estate Series. Additional provisions for the Estate Series are detailed in the Sun GIF Solutions contract. If any additional amendments or endorsements are required, we will provide them to you and they will form part of the contract.

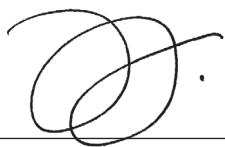
This contract supplement takes effect on the valuation day of the first premium payment or transition to the Estate Series and when Sun Life receives and accepts the initial opening requirements. Your receipt of this document does not constitute our acceptance. We will send you confirmation of your purchase.

**Any amount that is allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.**

# Certificate

In this supplement “you”, “your” and “owner” mean the owner of the contract. “Sun Life”, “we”, “us”, and “our” mean Sun Life Assurance Company of Canada. Sun Life’s head office is located at 227 King Street South, Waterloo, Ontario N2J 4C5.

Sun Life is the issuer of the Sun GIF Solutions individual variable annuity contract, including the Estate Series supplement and the guarantor of any guarantees in this contract.



**Jacques Goulet**

*President, Sun Life Canada*

*Sun Life Assurance Company of Canada*



**Jason Agaby**

*Vice President, Product Management*

*Sun Life Assurance Company of Canada*

## *Section 1 Estate Series provisions*

Once you have made your first premium payment or transition to the Estate Series and met our opening requirements, these contract provisions are included in and form part of your contract.

These contract provisions override any conflicting provisions in the Sun GIF Solutions contract. All other provisions in the Sun GIF Solutions contract will remain in effect and unchanged.

## *Section 2 Deposits*

You may make a premium payment or deposit to the Estate Series while the Estate Series is in force, subject to the terms of the Sun GIF Solutions contract, this supplement and our administrative rules. The maximum age restrictions for deposits are described in section 2.1, Deposits, in the information folder. The valuation day for the deposit is the day we receive your purchase instructions. See section 9, Values, in the Sun GIF Solutions contract for more information.

We determine the minimum amounts for deposits into the Estate Series and they are described in section 2.1, Deposits, in the information folder.

We may refuse to accept any deposit. We may also limit the amount you can deposit for any sales charge option.

## Section 3 Transitions

You may request to move money from one guarantee series to another guarantee series. This is called a transition. Transitions, if available, are subject to our administrative rules and will affect your guarantees.

If you change the sales charge option when you transition, we will charge any redemption fee that applies to the units redeemed. This will reduce the amount of the deposit.

Transitions into the Estate Series are a purchase of units. The maturity guarantee will be increased by 75% of the deposit amount. The death benefit guarantee will be increased by 100% of the deposit amount.

Transitions between January 1st of the year the annuitant turns 81 and December 31st of the year the annuitant turns 90 have limited investment and sales charge options available. For a list of available sales charge options, see Section 2.1 - Restrictions for deposits between ages 81 and 90. For a list of available investment options, see [sunlifegifs.ca/investmentoptions](http://sunlifegifs.ca/investmentoptions) or talk to your insurance advisor.

Transitions out of the Estate Series are a redemption of units and will proportionately reduce the maturity and death benefit guarantees. See section 5, Guaranteed benefits, for more information.

## Section 4 Withdrawals

You may request withdrawals from your Estate Series depending on the registration type of the contract. Withdrawals you make will reduce your guarantees. See section 5, Guaranteed benefits, for more information.

We process your withdrawal on the valuation day we receive your request. If we receive your request on a non-valuation day, we process it on the next valuation day.

See section 9 Values, in the Sun GIF Solutions contract for more information.

We may apply a fee for withdrawals. We deduct any fees and withholding taxes from your withdrawal. A redemption of all units in the Estate Series will terminate your rights under this supplement.

## Section 5 Guaranteed benefits

### 5.1 Maturity guarantee

On the contract maturity date there is a maturity guarantee benefit.

The maturity guarantee is 75% of all premiums or transitions applied to the Estate Series less a proportionate reduction for any withdrawals or transitions to other guarantee series.

The formula for proportionate reduction is:

- $\text{Proportionate reduction} = \text{MG} \times \text{W/MV}$ 
  - MG = maturity guarantee amount immediately before withdrawals or transitions
  - W = market value of the units redeemed or transitioned
  - MV = total market value of the units for that guarantee series on the valuation day immediately before the withdrawal or transition

On the contract maturity date, the maturity benefit is the greater of:

- the maturity guarantee, or
- the total market value of the Estate Series.

If the total market value of all units held in the Estate Series is less than the maturity guarantee on the contract maturity date, we will immediately add units to increase the total market value to equal the maturity guarantee value. We call this a guarantee top-up.

### 5.2 Death benefit guarantee

If the last surviving annuitant dies on or before the contract maturity date, we pay the death benefit to the person entitled to receive it.

The death benefit guarantee for the Estate Series is 100% of all premiums or transitions applied to the Estate Series, plus any resets or deposits after a reset, less a proportionate reduction for any withdrawals or transitions to other guarantee series.

The formula for proportionate reduction is:

- $\text{Proportionate reduction} = \text{DG} \times \text{W/MV}$ 
  - DG = death benefit guarantee amount immediately before withdrawals or transitions
  - W = market value of the units redeemed or transitioned
  - MV = total market value of the units for that guarantee series on the valuation day immediately before the withdrawal or transition

On the death of the last surviving annuitant, the death benefit is the greater of:

- the death benefit guarantee, or
- the total market value of the Estate Series on the death benefit date.

If the total market value of all units held in the Estate Series is less than the death benefit guarantee on the death benefit date we will immediately add units to increase the total market value to equal the death benefit guarantee value. We call this a guarantee top-up.

On the death benefit date, we will redeem all units of the existing funds and transfer the corresponding value to be held in a money market fund within the Estate Series until the death benefit is paid.

We will not charge redemption fees when we pay the death benefit.

#### 5.2.1 Death benefit guarantee resets

We reset the death benefit guarantee every year based on the market value of the Estate Series on the contract anniversary date. The final reset will take place on the contract anniversary date in the calendar year the annuitant turns 80. If the anniversary date is a non-valuation day the reset will occur on the previous valuation day.

The reset will increase the death benefit guarantee to equal the market value if it is higher than the current death benefit guarantee.

If the market value is less than the current death benefit guarantee the death benefit guarantee will not change.

If a successor annuitant becomes the annuitant, we will continue the resets until the contract anniversary date in the calendar year the successor annuitant turns 80.

# Glossary of terms

**Anniversary date** – the same month and day every year as the date of the first premium payment or deposit into the guarantee series.

**Annuitant** – the person on whose life the contract and guarantees are based.

**Contract** – includes the contract provisions in this document, the Sun GIF Solutions contract provisions, the application, applicable supplements and pension law addendum. It also includes any subsequent amendments agreed to by Sun Life in writing. It does not include the information folder or the fund facts.

**Contract maturity date** – the last valuation day of the calendar year the annuitant turns age 100. If the contract is a LIF the contract maturity date may be an earlier date if required by pension law.

**Death benefit** – the guaranteed benefit we pay on the last surviving annuitant's death less any required tax or government fees.

**Death benefit date** – the date we receive proof, satisfactory to us, of the last surviving annuitant's death.

**Deposit** – the premium amount you pay us or the amount you transition to a guarantee series, less any sales charges or government fees. We also use it as a verb meaning to make a premium payment or transition.

**Distributor** – a firm, corporation or other entity licensed to solicit applications for insurance.

**Fund** – any one of the available segregated funds established by Sun Life.

**Fund facts** – provides detailed information about the fund.

**Fund switch** – moving money between funds within a guarantee series.

**Guarantee top-up** – an amount we deposit to a guarantee series, if required, at contract maturity or on notification of death of the annuitant, to increase its value to equal the guaranteed value.

**Income Tax Act** – the Income Tax Act (Canada).

**Information folder** – the document(s) you receive when you buy a segregated fund contract. It provides details about the contract and your investment options.

**Life income fund (LIF), locked-in retirement income fund (LRIF), restricted life income fund (RLIF) and prescribed retirement income fund (PRIF)** – a contract funded by locked-in pension money and registered as a RRIF for tax purposes. Pension law limits the amounts that may be withdrawn annually from this type of contract except for PRIF contracts.

**Locked-in contract** – a contract established with locked-in money from a pension plan. Locked-in means there are limits and restrictions set out in pension law.

**Locked-in retirement account (LIRA), locked-in retirement savings plan (LRSP), restricted locked-in savings plan (RLSP)** – a contract funded by locked-in pension money and registered as an RRSP for tax purposes. Pension law limits the amounts that may be withdrawn from this type of contract.

**Management fee** – a fee Sun Life charges to a fund for managing and administering the fund.

**Nominee** – the distributor or their related dealer named by the owner as a nominee owner to provide services to the owner and instructions to us on the owner's behalf.

**Non-registered contract** – a contract that is not registered for tax purposes under the Income Tax Act.

**PAC** – a pre-authorized chequing plan used to make deposits.

**Premium** – an amount you pay into the contract before any sales charges or other government fees are deducted.

**Purchasing units** – for a segregated fund, it means allocating your deposit to units of a fund. You do not own these units or any part of the underlying assets of the fund.

**Redeem, redeemed, or redemption** – means to surrender any units allocated to the guarantee series or contract. This includes withdrawals and fund switches.

**Redemption fee** – a fee that Sun Life may apply to withdrawals from funds with a deferred sales charge or low-load sales charge option.

**Registered contract** – a contract that is registered for tax purposes under the Income Tax Act.

**Registered retirement income fund (RRIF)** – a contract registered under the Income Tax Act as a RRIF for tax purposes.

**Registered retirement savings plan (RRSP)** – a contract registered under the Income Tax Act as an RRSP for tax purposes.

**Segregated fund** – a pool of investments held and managed by the life insurance company separately (i.e. segregated) from its other investments.

**Tax-free savings account (TFSA)** – a contract registered under the Income Tax Act and established as a TFSA for tax purposes.

**Transition** –moving money from one guarantee series to another guarantee series within the contract.

**Underlying fund** – the mutual fund or other investment fund in which a fund invests.

**Unit value** – a notional value used to measure the market value of one unit of a fund.

**Withdrawal** – taking money out of the contract. The gross withdrawal amount is before any sales charges or withholding tax. The net withdrawal amount is after any sales charge or withholding tax is deducted.

# About Sun Life Financial

Founded in 1865, Sun Life Financial has helped Canadians manage and grow their assets for over 150 years.

## FINANCIAL STRENGTH, DISCIPLINED RISK MANAGEMENT

- International financial services provider with total assets under management of \$1.1 trillion\*
- One of Canada's oldest, most trusted financial institutions, recognized for sustainability and proven, disciplined risk management

## INVESTMENT MANAGEMENT EXPERTISE

- Investment funds from leading global portfolio managers
- Focus is on risk management through experience, insight and innovation

## LEADING PRODUCTS AND SERVICE

- Full suite of leading insurance and investment products for individuals and corporate customers
- Strong commitment to service excellence

\* As of December 31, 2019 for the Sun Life Financial group of companies.

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Life's brighter under the sun

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