

Sun Life Assurance Company of Canada



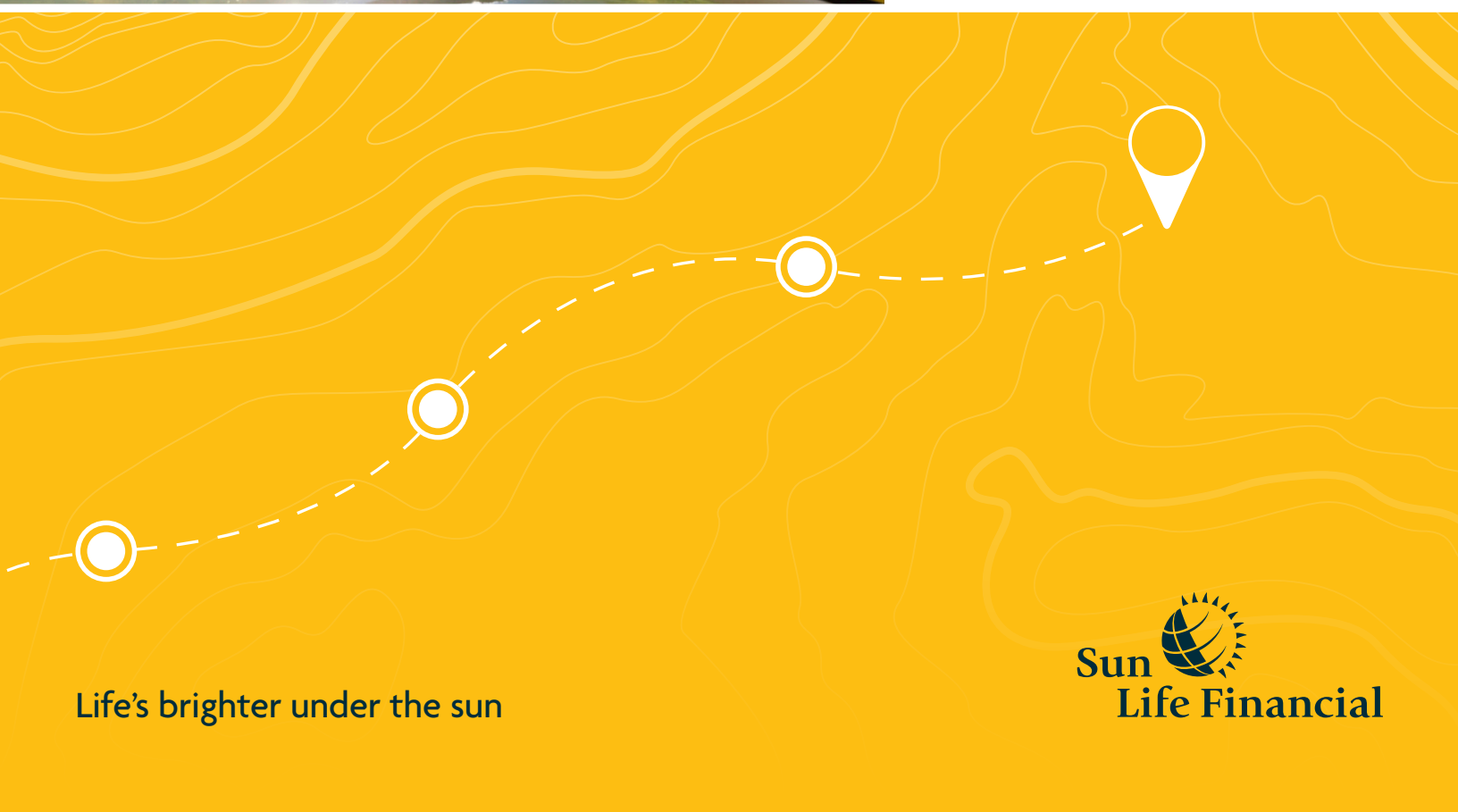
SUN PROTECT GUARANTEED INVESTMENT FUND

Information folder and individual
variable annuity contract

issued by

Sun Life Assurance Company of Canada

JUNE 2019



Life's brighter under the sun

Sun 
Life Financial

Sun Protect Guaranteed Investment Fund

**Information folder and individual variable annuity contract
issued by Sun Life Assurance Company of Canada
June 2019**

This document contains the Sun Protect Guaranteed Investment Fund (Sun Protect GIF) information folder and contract provisions. 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 Protect GIF individual variable annuity contract and the guarantor of the guarantee provisions.

Key facts

Sun Protect Guaranteed Investment Fund

This summary provides a brief description of the basic things you should know before you apply for a Sun Protect Guaranteed Investment Fund (Sun Protect GIF) contract. This summary is not part of your contract. A full description of all the features and how they work is in the contract, information folder and the fund facts. Review these documents and discuss any questions you have with your insurance advisor.

For a glossary of terms we use, see the glossary at the back of the contract.

What am I purchasing?

You are purchasing a Sun Protect GIF individual variable annuity contract, also called a segregated fund contract. It is issued by Sun Life Assurance Company of Canada (Sun Life). The Sun Protect GIF provides a maturity benefit guarantee and a death benefit guarantee.

Under the contract you may purchase units in any or all of the funds that are available. 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 assets of a fund.

You may name a beneficiary to receive the value of your contract if you die.

You may ask that your contract be a registered plan. Some of the available registration types are RRSP, RRIF and TFSA. The choice you make will have tax implications. Tax rules will apply to the contract while you are alive and on your death. Speak to your insurance advisor to learn more.

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

What guarantees are available?

The contract provides maturity guarantees on certain dates and a death benefit guarantee when the annuitant dies.

- **Maturity guarantee:** protects the value of the premiums you paid on the contract maturity date (most often age 100) or the maturity benefit date. Your maturity benefit date is 15 years from the date of your initial premium, or the date of your last reset or a renewal of your maturity guarantee. Your maturity guarantee is 100% of your initial premium and any premiums paid before the first maturity anniversary date; and 75% of all premiums paid on or after the first maturity anniversary date. At the maturity benefit date or the contract maturity date you will receive the greater of the maturity guarantee or the current market value of the contract. The maturity guarantee may be eligible for resets. Resets will increase the maturity guarantee. See section 3, Maturity guarantee benefit, in the information folder for more information.
- **Death benefit guarantee:** protects the value of your premiums if you die before the contract maturity date. The beneficiary will receive a death benefit which will be the greater of the contract's market value or 100% of the premiums you have paid, less a reduction for withdrawals. The death benefit is reset each year until age 80 if the contract's market value is greater than the current death benefit guarantee value. See section 4, Death benefit guarantee, in the information folder for more information.

Withdrawals you take will reduce your maturity and death benefit guarantees.

For RRIF, LIF, LRIF, RLIF, and PRIF contracts, when you take your RRIF minimum annual payment, the maturity and death benefit guarantees are reduced by the amount of the withdrawal. See section 3.5, How withdrawals affect your maturity guarantee and section 4.3, How withdrawals affect your death benefit guarantee, for more information.

On the contract maturity date, payout annuity payments will begin. You may also ask to begin annuity payments at an earlier date. Any request you make must be in writing.

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 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 options you choose.

Sales charge options

Depending on the sales charge option you choose, we may either deduct a sales commission from your premium, or apply a deferred sales charge (DSC) for certain withdrawals. Deferred sales charges may apply 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. Fee-based accounts may have different sales charge options. See section 8, Fees and charges, in the information folder for more information.

The Private Client program may have different options. See section 13, Private Client program, in the information folder for more information.

Fees and expenses

There are fees to cover the cost of providing the guarantees, the management of the funds and other expenses. We deduct these fees, expenses, and applicable taxes from the fund. The total fees and expenses charged to the fund during the calendar year are used to determine the management expense ratio (MER). The MER is a measure of the cost to run a fund.

The unit value of a fund is reduced by the fees and expenses. Fee-based accounts may have some fees that are paid directly by you, which are not included in the MER. See section 8, Fees and charges, in the 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 13, Private Client program, in the 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 a fee if you have not maintained the minimum deposit amount in the contract. See section 8, Fees and charges, in the information folder for more information.

See our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor for detailed information about fees associated with your investment options.

What can I do after I purchase this contract?

You may make additional deposits, change the funds you are invested in, request withdrawals, and reset your maturity guarantee, 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 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 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 the contract or adding more money to it. If you change your mind you must tell us in writing within two business days after the date you receive 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.

Where can I get more information or help?

For more information, contact your insurance advisor, read the information folder and contract 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

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.

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 for details.

For information on how to contact the insurance regulator in your province visit the Canadian Council of Insurance Regulators website at ccir-ccrra.org.

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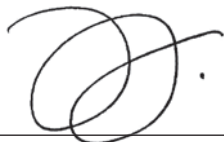
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Certificate

Sun Life Assurance Company of Canada certifies that this information folder provides brief and plain disclosure of all material facts for the Sun Protect GIF individual variable annuity contract issued by Sun Life Assurance Company of Canada (Sun Life).



Jacques Goulet

*President, Sun Life Financial 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.

Sun Protect Guaranteed Investment Fund information folder

Section 1 General information

In this information folder, “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 Canadian head office is located at 227 King Street South, Waterloo, Ontario N2J 4C5.

When we say “administrative rules” we mean our administrative rules in place at the time of a transaction. We may change our administrative rules, without giving 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 document does not constitute our acceptance. The contract takes effect as of the valuation day of the first premium payment and when Sun Life receives and accepts the initial contract 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.

For a detailed description of the funds available see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

Electronic versions of the information folder and contract and funds facts are available on our website at sunlifegifs.ca/investorsresources.

1.1 Segregated funds

We have created the segregated funds for this individual variable annuity contract. By law, we must own the fund and the assets of the fund. These assets are segregated from our other assets. Once we receive your money all deposits belong to us. You are entitled to the rights set out in the contract.

The funds are divided into units. We take your instructions and invest your deposit in the funds you select. We hold these funds and assign a unit value. We use the value of the units to determine your benefits.

Under the contract you may purchase units in any or all of the funds that are available. 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 assets of a fund. You have no voting rights.

1.2 Communications

When we ask you to “tell us in writing”, send your correspondence to:

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

We may limit or refuse any request you make if it’s contrary to the laws of Canada, other jurisdictions applicable to you, the contract, or our administrative rules.

When we say that we will notify you, we mean that we will send a written notice to your address that we have in our files. You must tell us in writing when you change your address.

When your contract is held in the name of your distributor or its nominee, we may direct correspondence to them based on the authorization you have given to your distributor. Your authorization must be acceptable to us.

We may make changes to your contract. This information folder is a disclosure document about your contract when we issue it. If we make changes to your contract, we will notify you.

We will send you:

- confirmations for most financial transactions affecting your contract,
- statements that give you information such as values and transaction details at least once a year,
- on your request, the simplified prospectus, annual information form, financial highlights, and audited financial statements of the underlying funds, and
- on your request, the current fund facts information, audited annual financial statements, and unaudited semi-annual financial statements for each segregated fund.

1.3 Types of contracts available

A Sun Protect GIF contract can be registered or non-registered for tax purposes. Not all contract registration types may be available to you depending on the source of the initial premium and applicable law.

A contract that is held in a registered trust plan is a non-registered contract with Sun Life. You are the contract's annuitant. Your distributor or intermediary sends your instructions to us.

We may limit the number of Sun Protect GIF contracts you may hold according to our administrative rules.

1.3.1 Registered contracts

You are both the owner and the annuitant of the contract. You can't appoint a joint or successor owner. You can appoint your spouse as successor annuitant for a RRIF contract or a successor plan holder for a TFSA contract. You can only use the contract as security for a loan if it is a TFSA contract.

Registered retirement savings plan – RRSP including LIRA, LRSP, and RLSP if locked-in funds, as pension law permits

You may own and make investments in your Sun Protect GIF RRSP contract until the RRSP maturity date. At the RRSP maturity date we will continue your contract as a registered retirement income fund (RRIF, LIF, LRIF, RLIF, or PRIF if locked-in funds, as pension law permits) unless you tell us in writing to redeem the units. If you do not continue the contract as a RRIF your contract will end. You can't make cash withdrawals from LIRAs, LRSPs, or RLSPs unless an exception is permitted by pension law.

You cannot appoint a successor annuitant for an RRSP contract.

Spousal RRSP

If your spouse makes premium payments to your RRSP, it is a spousal RRSP. You are the owner and the annuitant of the contract. A RRIF purchased with funds transferred from a spousal RRSP will be a spousal RRIF.

Registered retirement income fund - RRIF, including LIF, LRIF, RLIF, and PRIF if locked-in funds, as pension law permits

You may hold segregated fund investments in your Sun Protect GIF RRIF contract until the contract maturity date. Each calendar year after the year you open your RRIF contract, you must withdraw a RRIF minimum annual payment. We calculate this amount according to the requirements of the Income Tax Act. If you don't withdraw the minimum amount in any calendar year, we will withdraw the amount needed to satisfy the minimum. We will send you this amount before the end of the calendar year.

For a LIF, LRIF, or RLIF contract, you may not withdraw more than the maximum annual payment permitted by pension law. LIF, LRIF, RLIF, and PRIF can continue until the contract maturity date.

You can appoint a successor annuitant for a RRIF contract. You cannot appoint a successor annuitant for a LIF, LRIF, RLIF or PRIF contract.

Tax-free savings account (TFSA)

You may hold segregated fund investments in your Sun Protect GIF TFSA contract until the contract maturity date. You may use a TFSA contract as security for a loan by assigning it to a lender. The rights of the lender may take precedence over the rights of any other person claiming the death benefit. An assignment of the contract may restrict or delay certain transactions.

You can appoint a successor planholder for a TFSA.

1.3.2 Non-registered contracts

You may hold segregated fund investments in your Sun Protect GIF non-registered contract until the contract maturity date.

The owner and the annuitant do not need to be the same person. The owner may be an individual, more than one individual, or a company.

You may be able to transfer ownership of the contract. We may limit your rights to transfer ownership according to our administrative rules or applicable laws.

You may not borrow money from the contract. You may use the contract as security for a loan by assigning it to a lender. The rights of the lender may take precedence over the rights of any other person claiming the death benefit. An assignment of the contract may restrict or delay certain transactions.

Section 2 Financial transactions

Financial transactions include paying premiums, withdrawals, and changing funds. Some financial transactions will affect your guarantees.

See section 3.5, How withdrawals affect your maturity guarantee and section 4.3, How withdrawals affect your death benefit guarantee, for more information.

2.1 Deposits

A deposit is a premium amount you pay less any sales charges or government taxes.

Minimum opening requirements

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

Minimum premium amounts

\$1,000 initial premium or \$100 pre-authorized chequing plan (PAC) amount

\$500 for subsequent deposits other than PAC

\$50 pre-authorized chequing plan (PAC) amount once initial premium has been met

\$5,000 to the dollar cost average (DCA) fund

Minimum amounts for the Private Client program

For more information see our website at sunlifegifs.ca/privateclientprogram.

Valuation day

If your premium meets our requirements, the valuation day of your initial premium payment is the contract date. If the total of all of your premiums is more than \$1 million you must first get our written consent before we will accept it.

When you can make a premium payment

You can make a premium payment 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	Contract maturity
Non-registered, TFSA	80	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 9, RRSP to RRIF conversions, in the contract for more information.
RRIF, LIF, LRIF, RLIF, PRIF	80 (deposits from other registered contracts only)	100

* or the latest age permitted under the Income Tax Act

How we apply your deposit

We apply your deposit to purchase units of the funds with the sales charge option you select. See section 8, Fees and charges, for more information.

The valuation day is the date we receive your instructions which include the funds and sales charge option you choose. See section 7.2, Valuation day, 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 for any sales charge option.

We may, at any time, decide that a fund 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.

We may request proof of age, survival, or marital status of any person whose information is used to determine benefits. If this information has been misstated, we may recalculate the benefits to equal those that would have been provided for the person's correct age, survival, or marital status. We may recover any payments made based on incorrect information, including income payments made after the death of an annuitant or other person on whose death payments should have stopped.

2.2 Withdrawals

You may request withdrawals on a scheduled or unscheduled basis, depending on the registration type of the contract. Withdrawals you make will reduce the maturity and death benefit guarantees. See section 3.5, How withdrawals affect your maturity guarantee and section 4.3, How withdrawals affect your death benefit guarantee, 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 from the funds you choose. We redeem them 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 funds and is not guaranteed.

We may apply a fee for some withdrawals. We may deduct any fees and withholding taxes if required from your withdrawal. See section 8, Fees and charges, for more information.

We set minimum amounts for withdrawals. The minimum amount is before any fees or withholding taxes are deducted.

Redeeming all units will terminate the contract.

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 11, Tax information, 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 7, Valuation, for more information.

2.2.1 Required withdrawals

RRIFs, LIFs, LRIFs, RLIFs, and PRIFs require RRIF minimum annual payments. We calculate the RRIF minimum annual payment amount based on the contract's market value on January 1st of each year. If the total amount withdrawn is less than the required RRIF minimum annual payment, we will pay you the balance before the end of the year.

The payment will be withdrawn using the payment allocation we have on file for you. If none has been provided, we will pay it according to our administrative rules.

If you have a LIF, LRIF, or RLIF there is a maximum annual payment amount that is set out by pension law. You cannot withdraw more than this amount unless an exception is permitted by pension law.

2.2.2 Scheduled withdrawal options

Scheduled withdrawals are available on a monthly, quarterly, semi-annual and annual basis, subject to our administrative rules. You may ask to change your scheduled withdrawal at any time, subject to our administrative rules.

Scheduled withdrawals are not available for LIRA, LRSP or RLSP contracts.

Scheduled withdrawal options are:

- Level net amount: you select the frequency of the withdrawals and the amount you want to receive. In addition to this amount we will withdraw any fees and withholding taxes.
- Level gross amount: you select the frequency and amount of the withdrawal before any fees and withholding taxes are deducted.
- RRIF minimum annual payment: for RRIF, LIF, LRIF, RLIF, and PRIF only. The RRIF minimum annual payment is calculated according to the Income Tax Act. Each withdrawal will be for the same amount. The total for the calendar year will equal the RRIF minimum annual payment.

- Maximum annual payment: for LIF, LRIF, and RLIF only. The maximum annual payment is calculated according to pension law. Each withdrawal will be for the same amount. The total for the calendar year will equal the maximum annual payment.

If you ask us to redeem units of a fund with a DSC or low-load sales charge option before the end of the specified period, a sales charge applies. We may waive these charges up to the DSC-free amount. See section 8, Fees and charges, for more information.

We will deposit your scheduled withdrawal to the bank account we have on record for you. If the date specified is on a non-valuation day, the deposit will take place on the valuation day before your scheduled withdrawal.

2.3 Fund switches and changing sales charge options

2.3.1 Fund switches

You may move money from one fund to another fund within the contract; we call this a fund switch. We allow an unlimited number of fund switches each year. A fund switch will not affect your guarantees.

The minimum amount for fund switches is:

- \$500 minimum from a fund
- \$50 minimum to a fund

You may request fund switches on a scheduled or unscheduled basis. For each fund switch, we redeem units from the funds you choose to switch from, and we purchase units of the funds you choose to switch to. This is done at the unit value of each fund on the valuation day of the switch. You may switch all or a portion of the units of a fund, subject to our administrative rules.

Fund switches in non-registered contracts may result in capital gains or losses. See section 11, Tax information, for more information.

The unit value of units that are purchased or redeemed fluctuates with the market value of the underlying assets of the funds and is not guaranteed.

2.3.2 Changing sales charge options

Moving between different sales charge options is not a fund switch and could result in redemption fees. We will treat this as a withdrawal from one fund and a deposit to another, even if the fund is not changing. It may take place on multiple valuation days and may affect your guarantees.

2.4 Dollar cost average (DCA) fund

The DCA fund allows you to move your premium from the DCA fund into other funds within your contract on a scheduled basis.

Each premium payment you make to the DCA fund must be \$5,000 or more. When you make this payment you must tell us in writing how you want the money allocated to funds within the contract. You must provide instructions within 90 calendar days of the deposit to the DCA fund and you must allocate the money to the funds within a 12 month period from the valuation day of the payment.

We administer all premium payments to the DCA fund according to our administrative rules.

When we receive your premium and DCA fund allocation instructions we will deposit it to the DCA fund. You must select a day of the month that you would like the monthly switch to occur. If that calendar day does not exist in a month, the monthly switch will occur on the first day of the next month. If the day of the monthly switch falls on a non-valuation day the monthly switch will occur on the next valuation day.

You may choose a maximum of 12 monthly switches from the DCA fund. Other frequencies may be available subject to our administrative rules. Beginning on the day of the first monthly switch, and for the number of monthly switches you have selected, an equal amount purchased in the DCA fund will be switched to the funds you have selected.

Example:

- Deposit of \$10,000 into the DCA fund with a unit value of \$10,
- You choose to switch \$1,000 per month. This switch will continue for 10 months into the funds you have selected.

If at the end of your schedule there are units remaining in the DCA fund we will allocate them according to your instructions on your next scheduled switch.

Example:

- Deposit \$10,000 into the DCA fund.
- You choose to switch \$1,000 per month to two different funds. This switch will continue for 10 months.
- After the 10th month, there is \$200 left in the DCA fund due to an increase in the market value of the fund.
- On the 11th month, the \$200 will be allocated proportionately to the funds based on your schedule.

If all of your DCA fund units have not been allocated within the 12 month period after your DCA fund deposit, we will allocate your remaining units to the funds you have selected on the last scheduled switch of the 12 month period, subject to our administrative rules.

You may make withdrawals or unscheduled switches from the DCA fund. After a withdrawal or unscheduled switch, the monthly switches continue if there are enough units in the DCA fund. If there aren't enough units, we will make the switch based on a proportionate allocation of the funds you selected.

Example:

- Balance of \$1,000 remaining in the DCA fund with one switch left in the schedule. \$1,000 each month is switched into two different funds equally.
- Withdrawal of \$500 leaves a balance of \$500 in the DCA fund.
- The balance left in the DCA fund will be proportionately allocated with \$250 to each fund.

You may make additional deposits to the DCA fund. The existing fund allocations remain in effect unless you tell us in writing. You may change your fund allocation at any time. The new fund allocation will override any previous fund allocations.

For each subsequent deposit to the DCA fund, you must give us allocation instructions for a schedule that will be completed within the required 12 month period.

You are not permitted to switch from any funds within the contract to the DCA fund or set up a PAC to the DCA fund.

We may close the DCA fund to new deposits, limit the number of funds you may switch into or restrict the funds you may switch into.

Section 3 Maturity guarantee benefit

3.1 Maturity guarantee

The maturity guarantee protects the value of the premiums paid.

The maturity guarantee is payable on both the maturity benefit date and the contract maturity date. You will receive the greater of the maturity guarantee or the contract's market value.

Your maturity benefit date is 15 years from the valuation day of your initial premium payment or the date of your last reset or a renewal of your maturity guarantee. If your contract maturity date is less than 15 years from a renewal, your maturity benefit date will be the same as your contract maturity date. See section 3.2, Resetting your maturity guarantee, and section 3.3, Maturity benefit date for more information.

Your contract maturity date is December 31st of the year the annuitant turns 100.

At the contract maturity date, annuity payments will begin unless you tell us otherwise in writing. See section 6, Payout annuity, for more information.

The maturity guarantee, before the first reset or renewal, is:

- 100% of the initial premium payment,
- 100% of all premiums paid before your first maturity anniversary date (12 months from your initial premium), and
- 75% of all premiums paid on or after your first maturity anniversary date and before your maturity benefit date (15 years from your initial premium).

Withdrawals you make will reduce your maturity guarantee. See section 3.5, How withdrawals affect your maturity guarantee, for more information.

Example of the maturity guarantee calculation:

- Initial premium payment on May 15, 2019 of \$100,000
- First maturity anniversary date is May 15, 2020
- Maturity benefit date is May 15, 2034

Date	Transaction	Transaction value	Maturity guarantee calculation for transaction	Maturity guarantee
May 15, 2019	Initial premium payment	\$100,000	\$100,000 ($\$100,000 \times 100\%$)	\$100,000
August 19, 2019	Subsequent premium payment	\$50,000	\$50,000 ($\$50,000 \times 100\%$)	\$150,000 ($\$100,000 + \$50,000$)
June 16, 2020	Subsequent premium payment	\$10,000	\$7,500 ($\$10,000 \times 75\%$)	\$157,500 ($\$150,000 + \$7,500$)

3.2 Resetting your maturity guarantee

You may ask us to increase your maturity guarantee value by resetting it before your maturity benefit date up to December 31st of the year the annuitant turns 80.

You may request four resets in a calendar year. On the valuation day we receive your request to reset, we will:

- increase the maturity guarantee value to equal the contract's market value,
- reset your maturity benefit date to be 15 years from the valuation day of the reset, and
- change your maturity anniversary date to be the day and month of the valuation day of the reset.

When you ask for a reset you cannot change or revoke your request.

Example of a maturity guarantee reset:

On July 20, 2020, a maturity guarantee reset is requested. The contract's market value is \$165,000 and the maturity guarantee is \$157,500.

- The maturity guarantee is increased from \$157,500 to the contract's market value of \$165,000,
- the maturity benefit date is changed from May 15, 2034 to July 20, 2035, and
- the first maturity anniversary date is changed from May 15, 2020 to July 20, 2021.

Date	Transaction	Contract's market value	Previous maturity guarantee	New maturity guarantee
July 20, 2020	Maturity guarantee reset	\$165,000	\$157,500	\$165,000

3.3 Maturity benefit date

On your maturity benefit date, your maturity guarantee renews and your contract continues with a new maturity benefit date, unless you tell us otherwise in writing. You receive a new maturity benefit date and a new maturity guarantee. If the maturity benefit renewal is on a non-valuation day, the maturity benefit renewal will be the previous valuation day.

The maturity benefit date is the latest of:

- 15 years from the valuation day of your initial premium payment,
- 15 years from the valuation day of your last maturity guarantee reset, or
- 15 years from the last maturity benefit date when the maturity guarantee renewed. If the maturity benefit date is less than 15 years from the contract maturity date, the new maturity benefit date will be the same as the contract maturity date.

All premiums have the same maturity benefit date. The maturity benefit date only changes when the maturity guarantee is reset or renewed.

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

- the maturity guarantee, or
- the contract's market value.

If the contract's market value is less than the maturity guarantee on the maturity benefit date, we will immediately add units to increase the value to equal the maturity guarantee. This is a guarantee top-up.

On the maturity benefit date the maturity guarantee will be 100% of the contract's market value after the guarantee top-up.

If your maturity benefit date is the same as your contract maturity date, the new maturity guarantee will be 75% of the contract's market value. If a guarantee top-up is required, the new maturity guarantee will be 75% of the contract's market value after the guarantee top-up.

Depending on the contract's registration type, you may withdraw your money instead of receiving a new maturity guarantee, subject to withholding taxes and sales charges. A withdrawal of all units will terminate the contract.

Examples of renewal on the maturity benefit date:**Example 1**

In this example a renewal occurs on the maturity benefit date of July 20, 2035, which is before the end of the calendar year in which the annuitant turns 85. We use this age in our example because it permits the new term to be a full 15 years. The:

- contract's market value is \$150,000,
- maturity guarantee is \$155,119.77,
- guarantee top-up is \$5,119.77,
- new maturity benefit date is changed from July 20, 2035 to July 20, 2050, and
- first maturity anniversary date after renewal is now July 20, 2036 after renewal.

Date	Transaction	Contract's market value on the maturity benefit date	Maturity guarantee	Guarantee top-up	Contract's market value on the maturity benefit date after top-up	New maturity guarantee at renewal
July 20, 2035	Maturity benefit renewal	\$150,000	\$155,119.77	\$5,119.77	\$155,119.77 (\$150,000 + \$5,119.77)	\$155,119.77

Example 2

In this example a renewal occurs on the maturity benefit date of July 20, 2035, which is before the end of the calendar year in which the annuitant turns 85. We use this age in our example because it permits the new term to be a full 15 years. The:

- contract's market value is \$162,000,
- maturity guarantee is \$155,119.77,
- guarantee top-up is \$0,
- new maturity benefit date is changed from July 20, 2035 to July 20, 2050, and
- first maturity anniversary date after renewal is now July 20, 2036.

Date	Transaction	Contract's market value on the maturity benefit date	Maturity guarantee	Guarantee top-up	Contract's market value on the renewal date	New maturity guarantee at renewal
July 20, 2035	Maturity benefit renewal	\$162,000	\$155,119.77	\$0	\$162,000	\$162,000

Example 3

In this example a renewal occurs on the maturity benefit date of July 20, 2035 when the annuitant is 90. The maturity benefit date is the same as the contract maturity date of December 31, 2045 because there is less than 15 years until the contract maturity date. The:

- contract's market value is \$150,000,
- maturity guarantee is \$155,119.77,
- guarantee top-up is \$5,119.77,
- new maturity benefit date is December 31, 2045, which is also the contract maturity date, and
- first maturity anniversary date after the renewal is July 20, 2036 but no new premiums may be paid.

Date	Transaction	Contract's market value before the guarantee top-up	Maturity guarantee	Guarantee top-up	Contract's market value after guarantee top-up	New maturity guarantee at renewal
July 20, 2035	Maturity benefit renewal	\$150,000	\$155,119.77	\$5,119.77	\$155,119.77	\$116,339.82 (\$155,119.77 x 75%)

3.4 Additional premium payments after a maturity guarantee reset or renewal

If you make premium payments after your last reset or renewal and before the first maturity anniversary date of your last reset or renewal, the maturity guarantee is increased by 100% of the premiums paid.

If you make premium payments on or after the maturity anniversary date that follows your last reset or renewal, the maturity guarantee is increased by 75% of the premiums paid.

3.5 How withdrawals affect your maturity guarantee

You may ask for withdrawals from your contract at any time. Withdrawals from locked-in plans are subject to pension law restrictions.

3.5.1 Non-registered, TFSA, RRSP, LIRA, LRSP, RLSP contracts

Any withdrawals will proportionately reduce the maturity guarantee. The formula for proportionate reduction is:

Proportionate reduction = $MG \times W/MV$

- MG = maturity guarantee immediately before the withdrawal
- W = market value of the units redeemed
- MV = contract's market value on the withdrawal valuation day immediately before the withdrawal

Example of how a withdrawal affects your maturity guarantee (for non-registered, TFSA, RRSP, LIRA, LRSP, RLSP contracts):

You request a withdrawal of \$10,000 on September 20, 2019. The contract's market value is \$167,000.

Date	Transaction	Amount	Maturity guarantee before transaction	Contract's market value before transaction	Contract's market value after transaction	Maturity guarantee after transaction
Sep 20, 2019	Withdrawal	\$10,000	\$165,000	\$167,000	\$157,000	\$155,119.77 (\$165,000 – \$9,880.24*)

* proportionate reduction = $\$165,000 \times \$10,000 / \$167,000 = \$9,880.24$

3.5.2 RRIF, LIF, LRIF, RLIF, and PRIF contracts

Each year on January 1st we calculate your RRIF minimum annual payment. When you take your RRIF minimum annual payment, the maturity guarantee is reduced by the amount of the withdrawal.

Any withdrawals in the calendar year that are greater than your RRIF minimum annual payment will proportionately reduce the maturity guarantee.

Nominee self-directed RRIF contracts (including nominee locked-in contracts)

We will calculate a notional RRIF minimum annual payment using the market value of the contract on January 1st of each year. It's calculated based on the annuitant's age unless the trustee tells us it must be based on the age of the annuitant's spouse.

Example of withdrawals from a RRIF contract:

On January 1, 2019:

- the annuitant is 66 years old,
- the maturity guarantee is \$150,000,
- the contract's market value is \$155,000, and
- the RRIF minimum annual payment for 2019 is \$6,463.50. This is based on a factor of 4.17% for a 66 year old ($\$155,000 \times 4.17\%$).

Date	Transaction	Transaction amount	Contract's market value	Maturity guarantee before transaction	Contract's market value after transaction	Maturity guarantee after transaction	Remaining RRIF minimum annual payment
January 3, 2019	Withdrawal	\$6,000	\$155,000	\$150,000	\$149,000 ($\$155,000 - \$6,000$)	\$144,000 ($\$150,000 - \$6,000$)	\$463.50 ($\$6,463.50 - \$6,000$)
March 16, 2019	Withdrawal	\$2,000	\$149,000	\$144,000	\$147,000 ($\$149,000 - \$2,000$)	\$142,051.72 ($\$144,000 - \$463.50^* - \$1,484.78^{**}$)	\$0

* The maturity guarantee is reduced by the amount of the withdrawal.

In the March 16 transaction:

- the maturity guarantee and the contract's market value are first reduced by \$463.50 of the \$2,000 withdrawal, which is the remaining RRIF minimum annual payment,
- the maturity guarantee after this reduction is \$143,536.50,
- the contract's market value after this reduction is \$148,636.50,
- the maturity guarantee is then reduced proportionately for the remaining withdrawal amount of \$1,536.50 using the proportionate reduction formula below,
- the maturity guarantee was reduced by a total of \$1,948.28 ($\$463.50 + \$1,484.78$).

** $\$143,536.50 \times \$1,536.50 / \$148,636.50 = \$1,484.78$

Section 4 Death benefit guarantee

4.1 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 initial death benefit guarantee is 100% of your initial premium payment. Before any resets, it will be increased by 100% of all additional premiums paid, and reduced for all withdrawals. See section 4.2, Death benefit guarantee resets, for more information.

The death benefit date is the date we receive proof, satisfactory to us, of the last surviving annuitant's death. On this date we establish the death benefit which is the greater of:

- the death benefit guarantee, or
- the contract's market value on the death benefit date.

If the contract's market value is less than the death benefit guarantee on the death benefit date, we will immediately add units to increase the value to equal the death benefit guarantee. We call this a guarantee top-up.

Example of the death benefit guarantee:

On the death benefit date the:

- contract's market value is \$150,000,
- death benefit guarantee is \$155,119.77, and
- guarantee top-up is \$5,119.77.

Date	Transaction	Contract's market value on the death benefit date	Death benefit guarantee	Guarantee top-up	Contract's market value after guarantee top-up
July 20, 2031	Death benefit calculation	\$150,000	\$155,119.77	\$5,119.77	\$155,119.77

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

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

4.2 Death benefit guarantee reset

Each year we reset the death benefit guarantee if the contract's market value on the contract anniversary date is more than the existing death benefit guarantee. We do this until December 31st of the year in which the annuitant turns 80. If the contract anniversary date is a non-valuation day, the reset will occur on the previous valuation day.

If the contract's market value is less than the death benefit guarantee on the date of the reset, the death benefit will not change.

After the reset, and before a subsequent reset, the death benefit guarantee is increased by 100% of all premiums paid and reduced for all withdrawals.

If a successor annuitant becomes the annuitant, the contract will be eligible for resets on the contract anniversary date until December 31st of the year they turn 80.

Example of a death benefit guarantee reset:

Date	Transaction	Amount	Market value	Death benefit guarantee before reset	Death benefit guarantee after reset
May 1, 2019	Initial premium payment	\$150,000	–	–	\$150,000
May 1, 2020	Death benefit reset		\$151,000	\$150,000	\$151,000
May 1, 2021	Death benefit reset		\$149,000	\$151,000	\$151,000

4.3 How withdrawals affect your death benefit guarantee

4.3.1 Non-registered, TFSA, RRSP, LIRA, LRSP, RLSP contracts

Any withdrawals will proportionately reduce the death benefit guarantee. The formula for proportionate reduction is:

Proportionate reduction = $DB \times W/MV$

- DB = death benefit guarantee immediately before the withdrawal
- W = market value of the units redeemed
- MV = contract's market value on the withdrawal valuation day immediately before the withdrawal

Example of a withdrawal from a non-registered contract:

You request a withdrawal of \$10,000 on September 20, 2019. The contract's market value is \$167,000.

Date	Transaction	Amount	Death benefit guarantee before transaction	Contract's market value before transaction	Contract's market value after transaction	Death benefit guarantee after transaction
September 20, 2019	Withdrawal	\$10,000	\$165,000	\$167,000	\$157,000	\$155,119.77 (\$165,000 – \$9,880.24*)

* proportionate reduction = $\$165,000 \times \$10,000 / \$167,000 = \$9,880.24$

4.3.2 RRIF, LIF, LRIF, RLIF, and PRIF contracts

Each year on January 1st, we calculate your RRIF minimum annual payment. When you take your RRIF minimum annual payment, the death benefit guarantee is reduced by the amount of the withdrawal.

Any withdrawals in the calendar year that are greater than your RRIF minimum annual payment will proportionately reduce the death benefit guarantee.

Nominee self-directed RRIF contracts (including nominee locked-in contracts)

We will calculate a notional RRIF minimum annual payment using the market value of the contract on January 1st of each year. It's calculated based on the annuitant's age unless the trustee tells us it must be based on the age of the annuitant's spouse.

Example of withdrawals from a RRIF contract:

On January 1, 2019:

- the annuitant is 66 years old,
- the death benefit guarantee is \$150,000,
- the contract's market value is \$155,000, and
- the RRIF minimum annual payment for 2019 is \$6,463.50. This is based on a factor of 4.17% for a 66 year old (\$155,000 x 4.17%).

Date	Transaction	Transaction amount	Contract's market value	Death benefit guarantee before transaction	Contract's market value after transaction	Death benefit guarantee	Remaining RRIF minimum annual payment
January 3, 2019	Withdrawal	\$6,000	\$155,000	\$150,000	\$149,000 (\$155,000 - \$6,000)	\$144,000 (\$150,000 - \$6,000)	\$463.50 (\$6,463.50 - \$6,000)
March 16, 2019	Withdrawal	\$2,000	\$149,000	\$144,000	\$147,000 (\$149,000 - \$2,000)	\$142,051.72 (\$144,000 - \$463.50* - \$1,484.78**)	\$0

* The death benefit guarantee is reduced by the amount of the withdrawal.

In the March 16 transaction:

- the death benefit guarantee and the contract's market value are first reduced by \$463.50 of the \$2,000 withdrawal, which is the remaining RRIF minimum annual payment,
- the death benefit guarantee after this reduction is \$143,536.50,
- the contract's market value after this reduction is \$148,636.50,
- the death benefit guarantee is then reduced proportionately for the remaining withdrawal amount of \$1,536.50 using the proportionate reduction formula below,
- the death benefit guarantee was reduced by a total of \$1,948.28 (\$463.50 + \$1,484.78).

** $\$143,536.50 \times \$1,536.50 / \$148,636.50 = \$1,484.78$

Section 5 RRSP to RRIF conversions

If your contract is an RRSP you may convert it to a RRIF, subject to applicable law and minimum balance requirements found in section 2.1, Deposits.

This provision applies to locked-in contracts subject to pension law.

To exercise this right you must tell us in writing and complete any administrative forms we require.

The RRSP conversion to a RRIF is subject to our administrative rules. The day for the conversion is the date that we receive your written request. If that date is not a valuation day, it is the next valuation day.

On the valuation day of your request, the RRSP provisions of the contract will end and the RRIF provisions take effect.

All other terms of the contract continue, including the guarantees. The maturity benefit date does not change.

Any withdrawals taken before we calculate your RRIF minimum annual payment will proportionately reduce your maturity and death benefit guarantees.

Once the RRIF minimum annual payment is calculated, withdrawals taken up to that amount will reduce the maturity and death benefit guarantees by the amount of the withdrawal. Withdrawals that are more than the RRIF minimum annual payment will proportionately reduce your maturity and death benefit guarantees.

If your RRSP contract has not been converted by the RRSP maturity date, we will automatically convert it to a RRIF, subject to applicable law.

Section 6 Payout annuity

On the contract maturity date, annuity payments will begin.

The terms of the payout annuity depend on which contract registration type you hold, as described below.

We use the maturity guarantee to calculate the annuity payments.

For all contract registration types except TFSA, we calculate and pay the annuity payments as a life annuity guaranteed for 10 years. The annuity rate we use is the greater of:

- the rate set out in your contract (section 14.2, Payout annuity), or
- the annuity rate in effect when you begin annuity payments.

For TFSA contracts, we calculate and pay the annuity payments as a 10 year term certain annuity. The annuity rate we use is the greater of:

- the rate specified in the contract (section 14.2, Payout annuity), or
- the annuity rate in effect at the time you begin annuity payments.

If the annuitant dies before 120 annuity payments are made, we will pay the death benefit to the person entitled to receive it. On contracts except TFSA, where the annuitant is alive after we have paid 120 annuity payments, we continue the annuity payments until they die. We may recover any payments made after the annuitant dies.

If the amount of the annuity payments we calculate is less than the monthly minimum required according to our administrative rules, we may pay you the total contract value, less any fees, in one lump sum.

You may be able to select another type of payout annuity we offer at the time you ask to begin annuity payments, subject to our administrative rules and the contract registration type. You may ask to begin annuity payments at an earlier date. The rate we use will be the annuity rate in effect at that time. A spousal waiver or consent may be required for locked-in contracts. Talk to your insurance advisor for more information.

Section 7 Valuation

In this section we describe how units are valued.

Sun Life owns the assets of the funds and they are segregated from our other assets. We divide the assets of each fund into units which are allocated to individual contracts to determine the values under those contracts.

7.1 Market value

The contract's market value on any valuation day is the total value of the units of all funds in the contract at the close of business on that day.

7.2 Valuation day

A valuation day is every day that the Toronto Stock Exchange is open for business and a value is available for the underlying assets of the funds.

If we receive transaction instructions before the market cut-off time, we will process the transaction based on the market value at the close of business on the valuation day. We determine the market cut-off time and we may change it.

7.3 Unit value

We determine the unit value of a fund on a valuation day according to our administrative rules. We determine the unit value of a fund at the market cut-off time on each valuation day.

The unit value will be the total value of the underlying assets of the fund after deducting all liabilities, divided by the number of fund units.

We may increase the number of units of a fund, which reduces the unit value. We may also reduce the number of units which would increase the unit value. The market value of the contract will not be affected by these changes.

The unit value of a fund is normally valued every valuation day. We may postpone valuation for any period:

- during which any of the stock exchanges are closed,
- during which trading on securities exchanges has been restricted, or
- where it is not reasonable to trade the securities of a fund, or determine the total value of the assets of a fund.

Even if we postpone valuation we will always value the fund's unit value at least once a month.

Section 8 Fees and charges

We will charge you management fees, insurance fees and any other fees that may apply to your contract. You may have to pay sales charges when depositing to or withdrawing from your contract.

Sales charge options that may be available to you are:

- Front-end load,
- Deferred sales charge,
- Low-load, and
- F class.

We may change the sales charge options for new premium payments at any time.

Private Client units have different fees and charges. See section 13, Private Client program, for more information.

8.1 Sales charge options

The amount of sales charges is determined by the premium amount and the sales charge option under which you purchased units.

Moving money between sales charge options is not permitted, unless we allow it under our administrative rules. Guarantee top-ups are not subject to sales charges. See section 3, Maturity guarantee benefit, for more information.

8.1.1 Front-end load (FEL)

Under this sales charge option you pay FEL sales charges when you make a premium payment. We pay this sales charge to your distributor. You can negotiate the amount you pay with your distributor.

The sales charge is a percentage of your premium. The charge will never be more than 5% and never less than 0%. We deduct the sales charge from your premium and use the net amount to allocate units to your contract.

FEL units may be eligible for a reduced management fee. See section 13, Private Client program, for more information.

8.1.2 Deferred sales charge (DSC) and low-load sales charge

A DSC or low-load sales charge may apply to units with a DSC or low-load sales charge option. We charge DSC or low-load sales charges when you surrender units. We call

these charges redemption fees. We don't charge redemption fees for death benefit payments.

When you make a premium payment and purchase DSC or low-load sales charge units, we record the date of purchase and the cost of each unit. We call this the original purchase date and we call the cost of each unit, the original cost.

When you redeem any of those units to make a fund switch, we multiply the number of units redeemed by the original cost of each unit. We divide the total by the number of units purchased to calculate the original cost of each of the new units. The new units retain the original purchase date of the units redeemed. This applies to all fund switches.

When you redeem DSC or low-load sales charge units to make a withdrawal, we calculate the redemption fees based on the original purchase date and the original cost of the units redeemed.

DSC sales charges apply to withdrawals made during the first seven years following the date of each deposit to the DSC units.

Low-load sales charges apply to withdrawals made during the first three years following the date of each deposit to the low-load units.

We calculate the amount of the sales charge as a percentage of the original cost of the units you surrender.

Years are measured from the original purchase date of the units. This means that units purchased with the oldest premiums will be surrendered first.

If redeemed during	DSC charges	Low-load charges
Year 1	5.5%	3.0%
Year 2	5.0%	2.5%
Year 3	5.0%	2.0%
Year 4	4.0%	Nil
Year 5	4.0%	
Year 6	3.0%	
Year 7	2.0%	
After Year 7	Nil	

The redemption order is:

- units that qualify for DSC-free units
- matured units (units no longer subject to a redemption fee)
- units that have a fee remaining, starting with those that mature first

DSC-free units

Under our administrative rules we allow you to redeem a portion of your DSC and low-load units from a fund without charge. We may change these rules at any time. We waive redemption fees on withdrawals for DSC-free units. The table below shows the amount of these units that are available each calendar year:

	% of fund units on the previous December 31st	% of fund units purchased in the current year (excluding units purchased with a fund switch)
Non-registered, RRSP, TFSA, LIRA, LRSP, RLSP	10	10
RRIF, LIF, LRIF, RLIF, PRIF*	20	20

*includes nominee or intermediary contracts

8.1.3 F class

If you have a fee-based or wrap account with your distributor and your contract is held in nominee name, you may be able to select this sales charge option.

You pay F class sales charges directly to your distributor and not from your contract. The amount you pay can be negotiated with your distributor. You do not pay sales charges to us when you make deposits or withdrawals.

You may change from a contract held in nominee name to a contract held in client name with us. The units will move from the F class sales charge option to the FEL sales charge option without a sales charge. Your guarantees will not be affected and the change will not result in a taxable disposition if the funds remain the same.

If we are notified that you no longer have a fee-based or wrap account, we will move the units in the F class sales charge option to the FEL sales charge option according to our administrative rules.

F class units may be eligible for a reduced management fee. See section 13, Private Client program, for more information.

8.2 Early withdrawal fees

We may charge an early withdrawal fee if you redeem units within 30 business days of the date you acquire them.

The amount of the charge is 2% of the value of the units redeemed after any redemption fees have been charged and it is deducted from your withdrawal.

8.3 Small policy fee

We may charge an annual fee of up to \$150 to your contract. We charge this fee if the minimum amount to establish the contract, as stated in section 2.1, Deposits, has not been met at the end of each calendar year following the calendar year of the initial deposit.

We may also charge this fee if you have met the minimum amount but redeemed units, reducing the market value below the minimum amount. We do not charge a fee if the withdrawals are for income payments or RRIF minimum annual payments that are required by law.

We do not charge a fee if the amount is below the minimum because the market value has decreased.

If the fee applies, we will redeem units from the contract on the first valuation day of the following year to pay the fee.

Withdrawals to pay the fee will not affect your guarantees and will not be subject to any sales charges.

8.4 Insurance fees, management fees, and other fund charges

8.4.1 Insurance fees

You pay an insurance fee to us for providing the maturity guarantee and the death benefit guarantee. We calculate and charge this fee to each fund.

The insurance fee is an annual percentage of the value of all units held in each fund in the contract. The annual percentage is available on our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor. We calculate and charge this fee daily to each fund. We may increase this fee, without notice, up to the insurance fee limit. The insurance fee limit is the insurance fee plus the greater of:

- 0.50%, or
- 50% of the insurance fee.

We will give you 60 days advance written notice if we increase the insurance fee above the stated limit on any fund. See section 9.7, Fundamental changes, for more information.

For more information on the current insurance fees for each fund, see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

8.4.2 Management fees

You pay a management fee to us for managing the funds in your contract. We calculate and charge this fee daily to each fund. Each fund will have a different management fee. Management fees may also vary depending on the sales charge option. It is an annual percentage based on the value of all units held in each fund in the contract. For more information on the management fees, see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

The management fees of a fund include all management fees charged by us and any underlying fund. There is no duplication in the management fees and sales charges of the funds and underlying funds.

If we increase the management fee on any fund, we will give you advance written notice. See section 9.7, Fundamental changes, for more information.

Private Client eligible units may have management fees that are calculated differently. See section 13, Private Client program, for more information.

8.4.3 Management expense ratio (MER)

The MER is a measure of the cost to run a fund. The MER of a fund is calculated based on the insurance fees, the management fee, and the fund's operating expenses.

The MER of a fund includes the MER of any underlying funds, and any fees or sales charges associated with those underlying funds. There is no duplication in the fees and sales charges of the funds and underlying funds.

The MER of a fund may change without notice unless the increase is due to an increase in the management fee or the insurance fee is increased above the limit.

Section 9 Investment options

See our website at sunlifegifs.ca/investmentoptions for the funds available or talk to your insurance advisor.

We may change the funds available, including discontinuing funds, merging funds, adding new funds, and substituting funds with a substantially similar fund.

We may also add requirements to ensure that a minimum proportion of your holdings in the contract are held in fixed income investments. We may switch your units from one fund in your contract to another fund in your contract.

We will give you 60 days advance written notice before we proceed.

Some changes to the funds may be considered a fundamental change. See section 9.7, Fundamental changes, for more information.

Sun Life establishes the segregated funds and may invest in underlying mutual funds, stocks, bonds, or other investments. You do not become an owner of the underlying funds or assets.

9.1 Unit values

The unit value of a fund is the net asset value per unit of the fund. The net asset value of a fund is the total value of all assets in the fund minus all liabilities, fees, and charges divided by the total number of units outstanding.

Unit values are calculated every valuation day. See section 7.2, Valuation day, for more information.

9.2 Investment policy

Each fund has a fundamental investment objective which determines the investment policies and restrictions for the fund. Refer to the fund facts for details of each fund.

The investment policies may change from time to time. We will notify you of any material change.

A change to the fundamental investment objective will be considered a fundamental change. See section 9.7, Fundamental changes, for more information.

9.3 Potential risks of investing

There are a number of risks when you invest. The risk may be different depending on the fund you choose. For details of the risk on each fund refer to the fund facts.

We describe the risks that may affect the funds below.

Asset-backed and mortgage-backed securities risk

Some funds may invest in asset-backed or mortgage-backed securities, including asset-backed commercial paper.

These are issued by an entity created to hold a pool of assets and their associated cash flows and contractual rights. The entity is usually in the legal form of a trust. Their ability to make interest payments and repay the principal at maturity depends on the quality and performance of the underlying loans, and additional credit and liquidity support features.

If there is a sudden change in interest rates, the creditworthiness of the borrowers of the underlying loans may be affected, and the underlying loans could be subject to default or prepayment. In these circumstances, the value of the securities may be affected. In addition, there may be a mismatch in timing between the cash flow of the underlying loans and the payment schedule of the asset-backed or mortgage-backed security which may affect payments or liquidity.

Class risk

Mutual funds, including the underlying funds, sometimes issue different classes of units of the same fund. Each class has its own fees and expenses which each fund tracks separately. If one class is unable to meet its financial obligation the other classes must make up the difference.

Corporate class risk

Share classes - Certain underlying funds are structured as classes of shares of a single corporation which may contain multiple funds. Each underlying fund has its own assets and liabilities, which are used to calculate its value. The fund's assets are the property of the corporation. The fund's liabilities are the obligations of the corporation. That means if a fund cannot meet its obligations, the assets of the other funds may be used to pay those obligations.

Capital gains distributions - A corporate structure usually allows investors to defer paying tax on capital gains related to inter-class switches. However, in some circumstances, especially where there are a large number of switches out of a class, the corporation may be required to sell some of its investments attributable to that class to provide the cash required by it to fund the transfers to the other fund classes. This could cause a capital gain to be realized by the class, and the class could be required to distribute it amongst its shareholders, including a fund. As a result, you may receive an allocation of capital gains. If the amounts of capital gains realized are significant, the corporation may distribute these gains to the shareholders of the classes to which the switches were made.

Credit quality risk

When a company or government issues a fixed income security, it promises to pay interest and repay a specified amount on the maturity date. Credit risk is the risk that the company or government will not live up to that promise. Credit risk is lowest among issuers that have good credit ratings from recognized credit rating agencies. The riskiest fixed income securities are those issued by companies or governments with low or no credit ratings. These securities usually offer higher interest rates to compensate for the increased risk.

Currency risk

Currency risk exists when an investment is priced in a foreign currency. If the value of the foreign currency decreases compared to the value of the Canadian dollar, the value of that investment in Canadian dollars reduces. Changes in currency exchange rate can also impact the value of investments. To some extent, the effects of the change in a currency exchange rate can be offset by hedging foreign currency exposure. Exchange controls in some countries may also affect an investment's value if it is not possible to make currency transactions as needed.

Derivatives risk

A derivative is usually an agreement between two parties which effectively locks in the price of a stock, bond, currency or market index until a future date. The value of the agreement is derived from the value of the underlying security, currency or index.

Funds may only invest in derivatives if:

- it is consistent with the fund's investment objectives and policies, and
- it complies with the policies and rules of Canadian securities authorities, or in the case of an investment by a segregated fund, it complies with the individual variable insurance contract guidelines.

Derivatives are used by some of the funds primarily to reduce risk. They are useful fund management tools for:

- **Hedging** – helps protect against losses from changes in stock prices, exchange rates or market indices. Certain derivatives allow a portfolio manager to lock in an interest rate, currency exchange rate or stock price for a period of time when they expect upcoming volatility to negatively impact a particular investment.
- **Market/currency exposure** – if the price of a market index is locked in for a period by a derivative, a similar effect to owning the underlying securities is achieved but without actually trading in those securities. Derivatives are useful for gaining exposure to regional areas where direct investment has additional risk. This risk may be due to markets that are not liquid or which impose foreign withholding taxes when foreign securities are sold. They are useful for gaining immediate market exposure until cash can be efficiently invested in specific stocks, and can be used to quickly redirect currency exposure.

Using derivatives comes with a number of risks. These may include:

- hedging with derivatives may not always work and it could restrict a fund's ability to increase in value
- there is no guarantee that a fund will be able to obtain a derivative contract when it needs to, and this could prevent the fund from making a profit or limiting a loss
- a securities exchange could impose limits on trading of derivatives, making it difficult to complete a contract
- the other party in the derivative contract might not be able to honour the terms of the contract
- the price of a derivative might not reflect the true value of the underlying security or index
- the price of a derivative based on a stock index could be distorted if some or all of the stocks that make up the index temporarily stop trading

- derivatives traded on foreign markets may be harder to close than those traded in Canada
- in some circumstances, investment dealers and futures brokers may hold some of an underlying fund's assets on deposit as collateral in a derivative contract. This increases risk because another party is responsible for the safekeeping of the assets.

The policies and rules of Canadian securities authorities prohibit using derivatives for leveraging which may expose a fund to market risks in excess of the fund's net assets.

All underlying funds investing in derivatives must maintain cash, high quality liquid instruments (such as treasury bills) or securities in amounts sufficient to settle obligations under the derivatives. Risks associated with using derivatives to obtain exposure to a security, market or currency will generally be the same as the risk of investing directly in the underlying security, market or currency.

Emerging markets risk

Less developed markets in regions like Eastern Europe, Asia, South America, Africa and the Middle East may experience greater price changes than developed markets.

Equity risk

Equity risk is the risk that the value of a company will decrease. Equities (such as common shares) represent part ownership in a company. The value of an equity changes with the fortunes of the company. General market conditions, economic conditions in the country in which it operates, the health of the economy as a whole, and investor perceptions of the company can also affect the equity value. Equity-related securities, which provide indirect exposure to the equities of a company, can also be affected by equity risk. Examples of equity-related securities are warrants and convertible securities.

Foreign securities risk

Investments in foreign companies are influenced by economic and market conditions in the countries where the companies operate. Equities and fixed income securities issued by foreign companies and governments are often considered riskier than Canadian investments. One reason for this is that many countries have lower standards for accounting, auditing and reporting. Some countries are less politically stable than Canada and there is often less available information about individual investments. In some countries,

there is a risk of nationalization, expropriation or currency controls. Trading restrictions or other laws may impede the sale or reduce the gains on an investment.

It can be difficult to trade investments on foreign markets and the laws of some countries do not fully protect investor rights. These risks and others can contribute to larger and more frequent price changes among foreign investments. U.S. investments are not considered to have foreign investment risk.

Interest rate risk

Interest rates change over time. Interest rate risk is the risk that interest rate changes will reduce the value of the income securities held within a fund. Income securities include treasury bills, bonds, debentures and other debt securities which usually represent loans to companies or governments. The market values of those securities are affected by interest rates. When interest rates decrease, income securities generally increase in value; when interest rates increase, income securities generally decrease in value. Fixed income securities with longer terms to maturity are usually more sensitive to changes in interest rates than securities with shorter terms to maturity.

Investment trust risk

Investment trusts provide for investments in real estate, royalties, income and other types of investments. They are in the form of a trust and not a corporation. If there is not enough in the investment trust to satisfy a claim against the trust, its investors, including the underlying fund, could be held liable.

Investment trusts try to protect their investors by including provisions in their agreements that the investment trust's obligations will not be binding on investors. Investors could still be exposed to damage claims against the trust such as personal injury and environmental claims. Some jurisdictions have legislation to protect investors from the possibility of this liability.

The Income Tax Act has rules that may apply to investment trusts. If an underlying fund invests in an investment trust or limited partnership, these rules may apply and reduce after-tax returns.

Large redemption risk

Some underlying funds may have investors who own a large proportion of the outstanding units or shares of the underlying fund. For example, other institutions such as banks and insurance companies or other fund companies may purchase securities of the underlying funds for their own mutual funds, segregated funds, structured notes or discretionary managed accounts. Retail investors may also own a significant amount of an underlying fund.

If one of those investors redeems a large amount of their investment in the underlying fund, the underlying fund may have to sell its investments at unfavourable prices to meet the redemption request. This can result in significant price fluctuations to the net asset value of the underlying fund, and could reduce the returns of the underlying fund.

Liquidity risk

Liquidity risk is the risk that an investment cannot be easily converted into cash, which reduces its value. Liquidity is a measure of how easy it is to convert an investment into cash. An investment may be less liquid if it is not widely traded, if there are restrictions on the exchange where the trading takes place, or due to legal restrictions, the nature of the investment itself, settlement terms, or for other reasons such as a shortage of buyers interested in a particular investment, or an entire market. Investments with low liquidity can have dramatic changes in value and can result in a loss.

Real estate risk

Real estate by nature is not a liquid asset. There is no formal market for trading in real property and very few records are available to the public, which give terms and conditions of real property transactions. It may take time to sell real estate investments at a reasonable price. This could limit the fund's ability to respond quickly to changes in economic or investment conditions.

Securities lending risk

Securities lending, repurchase and reverse repurchase transactions may be used by an underlying fund to earn additional income. There are risks with these kinds of transactions.

The value of the securities loaned under a securities lending transaction or sold under a repurchase transaction might exceed the value of the cash or collateral held by

the underlying fund. If the party to the transaction who is obliged to repay or resell the securities to the underlying fund defaults, the cash or collateral received as part of the transaction may be insufficient to enable the underlying fund to purchase replacement securities. The underlying fund may suffer a loss for the difference.

The value of the securities purchased under a reverse repurchase transaction may decline below the amount of cash paid by the underlying fund to the third party who sold the securities. If the third party defaults on its obligation to repurchase the securities, they may need to be sold for a lower price and a loss will be suffered by the underlying fund for the difference.

Short selling risk

Certain underlying funds may engage in a disciplined amount of short selling. A short sale is where an underlying fund borrows securities from a lender and then sells the borrowed securities in the open market. At a later date, the same number of securities are repurchased by the underlying fund and returned to the lender. In the interim, the proceeds from the first sale are deposited with the lender and the underlying fund pays compensation to the lender. If the value of the securities declines between the time that the underlying fund borrows the securities and the time it repurchases and returns the securities, the underlying fund makes a profit for the difference, less any compensation the underlying fund pays to the lender.

Short selling involves certain risks. There is a risk that:

- the securities don't decline enough in value during the period of the short sale to offset the compensation paid by the underlying fund
- the securities sold short may increase in value
- the underlying fund may experience difficulties repurchasing and returning the borrowed securities if a liquid market for the securities does not exist
- the lender may go bankrupt and the underlying fund may lose the collateral it has deposited with the lender

To reduce these risks, the underlying fund adheres to controls and limits. They sell securities of larger issuers for which a liquid market is expected to be maintained. The underlying fund also deposits collateral with lenders that meet certain criteria for creditworthiness and only up to certain limits.

Small capitalization risk

Capitalization is a measure of a company's value. It is the current price of a company's stock, multiplied by the number of shares issued by the company. Companies with small capitalization may not have a well-developed market for their securities. As a result, these securities may be difficult to trade, making their prices more volatile than those of large companies.

Specialization risk

Some underlying funds specialize in investing in a particular kind of industry or in a particular part of the world. If the selected industry or geographic area has a decrease in value, the underlying fund may suffer because there may be fewer investments to offset the decrease.

9.4 Reinvesting earnings

Any earnings of a fund's assets remain in the fund and increase the value of the units.

9.5 Interest of management and others in material transactions

In the last two years, Sun Life and its affiliates have not entered into any contracts that reasonably could be considered material to present or future owners of segregated fund contracts. This does not include contracts entered into in the ordinary course of business.

In the last three years, the principal broker, any director, or any senior officer of Sun Life or any associate or affiliate of them has not had any material interest in any transactions or proposed transactions that would materially affect the funds.

9.6 Custodian of funds

Sun Life has appointed RBC Investor Services Trust as the custodian of the cash and securities that make up the investment portfolio of each fund. The custodian's principal place of business is:

RBC Investor Services Trust
155 Wellington Street West, 5th Floor
Toronto, Ontario
M5W 1P9

9.7 Fundamental changes

We may make fundamental changes to your contract. To do this we must tell you in writing 60 days before the effective date of the change. The following are fundamental changes:

- a change to the fundamental investment objective of a fund,
- a decrease in the frequency that units of a fund are valued,
- an increase to the insurance fee of a fund above the insurance fee limit, or
- an increase to the management fee of a fund.

If we make a fundamental change you will have the following rights:

- transfer the value of the units of the fund affected by the fundamental change to a similar fund in the contract without any redemption fees or similar charges, and
- if a similar fund is not available in the contract, you may redeem the units of the fund affected by the fundamental change without any redemption fees or similar charges.

A similar fund is another fund that:

- has a comparable fundamental investment objective,
- is in the same investment category, and
- has a management fee and insurance fee which are the same as or lower than the current fund.

9.8 Auditor

Ernst & Young LLP, Kitchener, Ontario is the auditor of the funds.

Section 10 Compensation paid to your insurance advisor

Sun Protect GIF contracts are sold through licensed insurance advisors. Your advisor will be compensated for the service and advice they provide to you. The compensation may vary depending on your agreement with your distributor.

10.1 Sales commission

The amount you pay will vary depending on the sales charge option you select.

We deduct FEL sales charges from your premium and pay them to your distributor.

We do not deduct DSC and low-load sales charges from your premium. We pay sales commission to your distributor. If you make withdrawals we may deduct DSC or low-load sales charges.

If you have purchased F class units, we do not pay sales commission to your distributor.

10.2 Servicing commission

We pay a servicing commission to your distributor except if you have F class units. The servicing commission pays for the ongoing service and advice you are entitled to receive.

We pay the commission from the management fee of the fund.

If you have Private Client eligible units, see section 13, Private Client program, for more information.

Section 11 Tax information

11.1 General information

This is a summary of general tax information as it applies to this contract. It is for owners who are individuals (other than a trust) and are residents of Canada.

Any changes in the law or administrative practices of taxation authorities may result in a different tax treatment than is outlined in the tax summary. The information is not legal, tax, or estate planning advice.

This summary does not include all possible tax considerations. Consult your personal tax advisor about your individual circumstances.

11.2 The funds

Each fund is treated as a trust under the Income Tax Act.

Each fund must allocate all income and losses among contract owners who held units of the fund during the calendar year. The allocation may include Canadian dividends and interest, realized capital gains and losses and foreign source income. The fund does not pay tax on income.

If we change an underlying fund it may result in a capital gain or loss for the fund. Any gains or losses are allocated to contract owners.

11.3 Registered contracts

11.3.1 RRSPs, spousal RRSPs, LIRAs, LRSPs, RLSPs

An RRSP is registered under the Income Tax Act. Premium payments made to your RRSP or spousal RRSP may be tax deductible up to the limits permitted under the Income Tax Act. LIRAs, LRSPs, or RLSPs can only be opened with a premium payment that has been transferred according to pension law.

Investment income allocated by the funds is not taxable and we won't issue you a tax slip.

Transferring money to another registered contract is not taxable and we won't issue you a tax slip.

Withdrawals you make from your RRSP are taxable and we are required to withhold tax. We will issue you a tax slip and

you will need to report this on your income tax return.

If you withdraw money from a spousal RRSP, your spouse may have to pay tax on the amount withdrawn. This may happen if an amount was paid to any spousal RRSP in the calendar year of the withdrawal or either of the previous two calendar years.

You cannot make cash withdrawals from LIRAs, LRSPs, or RLSPs unless an exception is permitted by pension law.

11.3.2 RRIFs, spousal RRIFs, LIFs, LRIFs, RLIFs, PRIFs

A RRIF is registered under the Income Tax Act. A RRIF can only be opened with money transferred from another registered contract. LIFs, LRIFs, RLIFs, and PRIFs can be opened with money transferred according to pension law. Transfers into these contracts are not taxable or tax deductible.

Investment income allocated by the funds is not taxable and we won't issue you a tax slip.

All amounts withdrawn from the contract are reported as income and are taxable. We will issue you a tax slip for these withdrawals. We will deduct withholding tax for any amount withdrawn that is more than the RRIF minimum annual payment.

11.3.3 TFSAs

A TFSA is registered under the Income Tax Act. Premium payments made to a TFSA are not tax deductible.

You do not have to report investment income allocated to you by the funds on your income tax return and we won't issue you a tax slip.

Withdrawals are not taxable and no withholding tax is deducted. Any amounts you withdraw in the current calendar year will be added to your TFSA contribution room at the beginning of the following calendar year.

11.4 Non-registered contracts

You may have to pay taxes when:

- income is allocated to you by a fund, and
- capital gains are realized when you redeem units.

We will send you tax slips for income and dividends allocated to you and capital gains and losses reported to you as a result of fund switches, withdrawals, trading activities of the funds, fund closures and underlying fund distributions and substitutions. You will need to report these on your income tax return.

11.5 Taxation on death

11.5.1 Registered contracts

We will pay the death benefit to your named beneficiary or, if none has been named, to your estate except as outlined below.

If your beneficiary is someone other than your spouse or financially dependent child or grandchild, the death benefit must be included as taxable income on your final income tax return.

If your beneficiary is your child or grandchild who is financially dependent on you (due to mental or physical disability), they or their legal representative may choose to transfer the death benefit to your beneficiary's own registered contract subject to applicable legislation.

If your beneficiary is a minor child or grandchild who is financially dependent on you, their legal representative may choose to transfer the death benefit to a term certain annuity for the child payable until age 18. No tax is payable by your estate on the amount transferred to the annuity. The minor child or grandchild is taxed on the annuity income they receive each year.

For contracts that contain locked-in pension money, we may be required to pay the death benefit to your surviving spouse, even if you have named a different beneficiary.

RRSP

If you have named your spouse as the beneficiary they can choose to transfer the death benefit into their own registered contract. If the death benefit is paid in cash, it will be taxable to you on your final income tax return.

RRIF

If you have named your spouse as the successor annuitant and if your spouse is alive and still your spouse when you die, they will automatically become the owner and annuitant. The contract will continue and no death benefit is payable. If they are not the successor annuitant but are named sole beneficiary they may choose to:

- transfer to their own registered contract, or
- take cash, which will be taxable to you on your final income tax return.

TFSA

If you have named your spouse as the successor planholder and if your spouse is alive and still your spouse when you die, they will automatically become the planholder and annuitant. The contract will continue and no death benefit is payable. If they are not the successor planholder but are named sole beneficiary they may choose to:

- transfer to their own TFSA contract, or
- take cash.

On the death of the last planholder the contract will no longer be a TFSA. There may be tax payable when the death benefit is paid to the beneficiary. Talk to your tax advisor for more information.

11.5.2 Non-registered contracts

On the death of either the owner or annuitant, the tax implications will depend on a number of factors, including how the contract is owned, who the named beneficiary is, and whether there is a successor owner or successor annuitant. Talk to your insurance advisor or your tax advisor for more information.

Section 12 Estate planning

12.1 General information

This contract may provide you with estate planning advantages.

This summary provides general information. Consult your insurance advisor about your individual circumstances.

12.2 Beneficiaries

On the death of the last surviving annuitant, we pay the death benefit to the person or persons entitled to receive it.

If you have named more than one beneficiary, you may tell us in writing how the death benefit is to be divided. If you have not indicated how the death benefit, or a share of the death benefit, is to be divided, we will divide it according to applicable law.

We are not responsible for confirming the accuracy or validity of any beneficiary designation that you provide to us.

If you have used the contract as security for a loan (where allowed), the death benefit may be paid to the lender or, under the Quebec Civil Code, a hypothecary creditor.

If your contract was funded with locked-in pension money we may be required by pension law to pay the death benefit to your spouse instead of your named beneficiary.

12.2.1 Irrevocable beneficiaries

If you have designated the beneficiary as irrevocable, you cannot change the designation without the beneficiary's written consent, unless otherwise permitted by law.

You may need the irrevocable beneficiary's written consent for certain transactions such as withdrawals, assignments (including hypothecs in Quebec), or transfer of ownership.

An irrevocable beneficiary who is a minor cannot provide consent. A parent, guardian or tutor cannot provide consent on behalf of a minor who has been named as irrevocable beneficiary.

You may be able to apply to the court for an order permitting you to deal with the contract without the consent of the irrevocable beneficiary.

12.3 Non-registered contracts

You can name a successor annuitant on non-registered contracts. When the annuitant dies the successor annuitant automatically becomes the annuitant.

On your death, if there is a surviving annuitant, your non-registered contract continues. If the contract continues, no death benefit is payable.

12.3.1 Successor owner

You may appoint a successor owner or owners for non-registered contracts only. In Quebec, the successor owner is called the subrogated policyholder(s). If you die and the contract continues, ownership of the contract passes to your successor owner. This change in ownership occurs without the contract passing through your estate.

If the successor owner is someone other than your spouse, the transfer of ownership is a taxable disposition and all realized and unrealized gains must be reported on your final income tax return.

If you are the last surviving annuitant, the contract will end and the death benefit will be paid to the person entitled to receive it.

12.4 Registered contracts

You cannot appoint a successor owner or successor annuitant for an RRSP, LIRA, LRSP, RLSP, LIF, LRIF, RLIF or PRIF contract.

You can name your spouse as the successor annuitant for a RRIF contract. When you die, if your spouse is alive and still your spouse, they will automatically become the owner and annuitant. The contract will continue and no death benefit is payable.

You can name your spouse as the successor planholder for a TFSA contract. When you die, if your spouse is alive and still your spouse they will automatically become the planholder and annuitant. The contract will continue and no death benefit is payable.

Section 13 Private Client program

We may offer a Private Client program. If available, this program will provide you with a cost effective investment solution and may provide enhanced services.

The Private Client program is subject to our administrative rules. We may discontinue or change all or part of the program, including any class of units offered in the program.

Contact your insurance advisor for more information. For information on which segregated funds are available in the Private Client program, see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

13.1 Participating in the Private Client program

To enter the Private Client program, your contract must meet a minimum market value in Private Client eligible units.

Minimum amounts, segregated funds, sales charge option and fund classes that are eligible are subject to our administrative rules and can change. For a current list of what is eligible, see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

We may change the minimum market value for the Private Client program at any time. We may make an exception to this minimum based on the holdings in one or more eligible products according to our administrative rules.

If at any time the market value of your Private Client eligible units falls below the minimum, we may terminate your participation in the program without notice.

13.2 Private Client management fees

When the market value of units in eligible segregated funds is equal to or more than the minimum for the Private Client program, you will receive a reduced management fee for those units. We calculate management fee reductions daily and apply them to the contract at the end of the month. For information on the management fee reductions see our website at sunlifegifs.ca/privateclientprogram.

Private Client units will automatically receive the management fee reduction as long as the market value of all eligible units remains at or above the minimum required. These units will not receive the management fee reduction while the market value is below the minimum.

For all eligible units, except O class units, we apply the management fee reduction monthly by allocating additional units to your contract. The additional units do not affect your guarantees. For information on the management fees see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

For O class units we collect the management fee, net of the management fee reduction, plus applicable taxes, monthly directly from your O class units proportionately from each fund. The redemption of units to pay the management fee does not affect your guarantees. For information on the management fees, see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

If we terminate your participation in the Private Client program, we may switch your O class units to the equivalent value of FEL units of the same fund within the contract without any sales charges.

13.3 O class service fee

When you purchase O class units we pay the FEL sales charge to your distributor. See section 8.1.1 Front-end load (FEL), for more information.

When you purchase O class units you agree to pay your distributor a service fee. We collect this fee plus applicable taxes on your distributor's behalf by redeeming O class units from your contract monthly proportionately from each fund. The redemption of units to pay the fee does not affect your guarantees.

You may negotiate the service fee with your insurance advisor. It must not be more than 1.00% annually, plus applicable taxes.

To change the service fee, we must receive written instructions agreed to by you and your insurance advisor.

Sun Protect Guaranteed Investment Fund Contract

Important information

This is your Sun Protect Guaranteed Investment Fund (Sun Protect GIF) contract.

If any addendum or amendment is required, we provide it to you and it will form part of your contract.

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

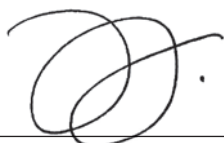
Any amount that is allocated to a segregated fund is invested at the risk of the contract owner and may increase or decrease in value.

Certificate

In this contract “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.


This contract is available as a non-registered contract. If you are applying for a registered contract, you request that we apply for registration of the contract under the Income Tax Act and any applicable pension law if the contract is funded by locked-in money.

Sun Life is the issuer of this Sun Protect GIF individual variable annuity contract and the guarantor of any guarantee provisions in this contract.



Jacques Goulet

*President, Sun Life Financial Canada
Sun Life Assurance Company of Canada*



Jason Agaby

*Vice President, Product Management
Sun Life Assurance Company of Canada*

Section 1 The contract

The contract includes the application, these contract provisions, and any pension addendum that applies. It also includes any subsequent amendments we have agreed to in writing.

If you ask us to register your contract, the RRSP, RRIF or TFSA endorsement that applies, and any pension addendum form part of your contract.

The information in the fund facts is accurate and complies with the Individual Variable Insurance Contract Guidelines Relating to Segregated Funds of the Canadian Life and Health Insurance Association (CLHIA) and the Autorité des marchés financiers (AMF) as of the date prepared. The following information in the fund facts forms part of the contract:

- name of the contract and fund name,
- management expense ratios (MER),
- risk disclosure,
- fees and expenses, and
- right of rescission.

If there is an error in the fund facts information, we will use reasonable measures to correct the error. You will not be entitled to specific performance under the contract.

We may limit the number of Sun Protect GIF contracts you own and can refuse to accept subsequent applications for the same registration type.

Every action or proceeding against us 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 other applicable legislation.

Our rights under this contract will not be affected by our having waived them previously.

Section 2 General overview

2.1 Currency

Any payments by you or by us will be made in Canadian dollars.

2.2 Ownership

You may exercise rights as the owner of this contract, subject to any legal limitations. Your rights may be restricted if a beneficiary has been appointed irrevocably, or if this contract has been assigned as collateral security or hypothecated.

2.3 Annuitant

The annuitant is the person on whose life the contract and guarantees are based. The annuitant can be you or an individual you designate subject to the Income Tax Act and our administrative requirements.

2.4 Beneficiary

You may designate a beneficiary or beneficiaries to receive the death benefit when the last surviving annuitant dies. You may change the beneficiary designation unless the beneficiary has been named irrevocably.

If the beneficiary is irrevocable, you cannot change or remove the designation without the irrevocable beneficiary's written consent. Certain transactions such as withdrawals, assignments (including hypothecs in Quebec), or transfer of ownership may require the irrevocable beneficiary's written consent. An irrevocable beneficiary who is a minor cannot provide consent.

Any beneficiary change must be in writing and takes effect on the date you sign the change. We will not be bound by any designation or change in designation which we have not received at our head office by the date we pay or take any action.

We are not responsible for the validity or effect of any designation or change in designation. If there is no surviving beneficiary for all or part of the death benefit at the time of the last surviving annuitant's death which results in a death benefit being payable, that amount will be paid to the owner or if the owner was the annuitant, to the owner's estate.

If your contract was funded with locked-in pension money we may be required by pension law to pay the death benefit to your spouse instead of your named beneficiary.

If you have used the contract as security for a loan (where allowed), the death benefit may be paid to the lender or, under the Quebec Civil Code, a hypothecary creditor.

2.5 Successor owner

You may appoint one or more successor owners for non-registered contracts if you:

- are not the annuitant, or
- if you are the annuitant and a successor annuitant has been named.

The successor owner may exercise rights as the owner of this contract after your death. Their rights may be restricted if an irrevocable beneficiary has been named or if the contract has been assigned as collateral security or hypothecated. In Quebec, successor owner means subrogated policyholder. The owner can remove a successor owner at any time before the owner dies.

2.6 Successor annuitant

You must appoint the successor annuitant before the annuitant dies. You can remove a successor annuitant at any time before the annuitant dies, subject to legal restrictions.

Non-registered contracts

You may appoint a successor annuitant for non-registered contracts. When the annuitant dies, the successor annuitant, if alive, automatically becomes the annuitant. The contract will continue and no death benefit is payable. The existing maturity and death benefit guarantees and the maturity benefit date do not change unless the maturity benefit date is now the same as the contract maturity date. See section 7.3, Maturity benefit date, for more information.

RRIF

You can name your spouse as successor annuitant on a RRIF contract. When you die, if your spouse is alive and still your spouse they automatically become the owner and annuitant. The contract will continue and no death benefit is payable. The existing maturity and death benefit guarantees and the maturity benefit date do not change unless the maturity benefit date is now the same as the contract maturity date. See section 7.3, Maturity benefit date, for more information.

TFSA

You can name your spouse as successor planholder on a TFSA contract. When you die, if your spouse is alive and still your spouse they automatically become the planholder and annuitant. The contract will continue and no death benefit is payable. The existing maturity and death benefit guarantees and the maturity benefit date do not change unless the maturity benefit date is now the same as the contract maturity date. See section 7.3, Maturity benefit date, for more information.

2.7 Protection against creditors

This contract may be exempt from seizure by your creditors. Consult with your legal advisor for more information.

2.8 Transaction instructions

Throughout the contract, we ask you to send us instructions in writing for certain transactions. We may allow you to provide non-written instructions according to our administrative rules.

You will be bound by any instructions you give us.

2.9 Administrative rules

When we say “administrative rules” we mean the 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.

Section 3 Deposits

3.1 Deposits

A deposit is a premium amount you pay minus any sales charges or government taxes.

Deposits are subject to the terms of the contract 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 instructions. See section 11, Values, for more information.

You may allocate your deposit to purchase units of one or more of the funds we have available. You must tell us in writing the funds and the sales charge option you select. If you select more than one fund, you must also tell us in writing the amount that is to be allocated to each fund.

The number of units purchased in any fund is equal to your premium, less any sales charges or taxes, allocated to that fund divided by the value of a unit in that fund on the valuation day.

The value of a segregated fund unit is not guaranteed, but fluctuates with the investment performance of the assets of the segregated fund. See section 11, Values, for more information.

We may refuse or refund any deposit. We establish maximum and minimum premium and deposit amounts.

We have the right to refund any deposit. If the total of all of your premiums are more than \$1 million you must first get our written consent before we will accept it.

We may request medical evidence about the annuitant and refuse deposits if the medical evidence is incomplete or unsatisfactory.

We may request proof of age, survival or marital status of any person whose information is used to determine benefits. If this information has been misstated, we may recalculate the benefits to equal those that would have been provided for the person's correct age, survival or marital status. We may recover any payments made based on incorrect information.

You may have rescission rights under this contract. See section 13, Rescission, for more information.

3.2 Fund availability

At any time we may decide that any of our funds are no longer available for new deposits, or we may close a fund.

If we close a fund we will give you advance written notice of our intent. Our written notice will tell you the funds that are no longer available, the fund in which we propose to purchase units, and the date an automatic fund switch will occur. We will send notice to the last address you provided to us. You have the option to select an alternative fund before the date of the automatic switch.

If we close a fund, and a similar fund is not available, you may request in writing to withdraw units of the fund without incurring charges, or make a fund switch to a different fund. If we do not receive your request before the date of the automatic fund switch, we will redeem the units in the fund that will no longer be available and use the value of these units to purchase units in the proposed fund.

We may add, close, or split funds, and change a fund manager of any of the funds, subject to notification requirements. We may also merge funds.

We may also add requirements to ensure that a minimum proportion of your holdings in the contract are held in fixed income investments. We may switch your units from one fund to another fund in your contract.

We will give you advance written notice before we proceed.

If we make a fundamental change, you will be given the opportunity to switch or withdraw the units of the funds without incurring charges if no similar fund is available. See section 12, Fundamental changes, for more information.

3.3 Sales charge options

Front-end load sales charge (FEL)

Under this sales charge option, you pay an FEL charge when you make a premium payment. We pay this sales charge to your distributor. You can negotiate the amount you pay with your distributor.

The sales charge is a percentage of your premium. The charge will never be more than 5% and never less than 0%. We

deduct the sales charge from your premium and use the net amount to allocate units to your contract.

Deferred sales charge (DSC) and low-load sales charge

A DSC or low-load sales charge may apply to units with a DSC or low-load sales charge option. We charge DSC or low-load sales charges when you surrender units. We call these charges redemption fees. We don't charge redemption fees for death benefit payments.

When you make a premium payment and purchase DSC or low-load sales charge units, we record the date of purchase and the cost of each unit. We call this the original purchase date and the cost of each unit, the original cost.

When you redeem any of those units to make a fund switch, we multiply the number of units redeemed by the original cost of each unit. We divide this total by the number of units purchased to calculate the original cost of each of the new units. The new units retain the original purchase date of the units redeemed. This applies to all subsequent fund switches.

When you redeem DSC or low-load sales charge units to make a withdrawal, we calculate the redemption fees based on the original purchase date and the original cost of the units redeemed.

DSC sales charges apply to withdrawals made during the first seven years following the date of each deposit to the DSC units.

Low-load sales charges apply to withdrawals made during the first three years following the date of each deposit to the low-load sales charge units.

We calculate the amount of the sales charge as a percentage of the original cost of the units you surrender.

Years are measured from the original purchase date of the units. This means that units purchased with the oldest premiums will be surrendered first.

If redeemed during	DSC charges	Low-load charges
Year 1	5.5%	3.0%
Year 2	5.0%	2.5%
Year 3	5.0%	2.0%
Year 4	4.0%	Nil
Year 5	4.0%	
Year 6	3.0%	
Year 7	2.0%	
After Year 7	Nil	

The redemption order is:

- units that qualify for DSC-free units
- matured units (units no longer subject to a redemption fee)
- units that have a fee remaining, starting with those that mature first

DSC-free units

Under our administrative rules, we allow you to redeem a portion of your DSC and low-load units from a fund without charge. We may change these rules at any time. We waive redemption fees on withdrawals for DSC-free units. The table below shows the amount of these units that are available each calendar year.

	% of fund units on the previous December 31st	% of fund units purchased in the current year (excluding units purchased with a fund switch)
Non-registered, RRSP, TFSA, LIRA, LRSP, RLSP	10	10
RRIF, LIF, LRIF, RLIF, PRIF*	20	20

*includes nominee or intermediary contracts

We may at times offer a product transfer program to fully or partially reimburse you for sales charges incurred in transferring funds to this contract. Any reimbursement will be used to purchase units for this contract and will not be paid in cash. Reimbursement is subject to the rules of the program in effect at the time of the transfer. We can change or cancel the product transfer program at any time without notice.

F class

If you have a fee-based account or wrap account with your distributor you may be able to select this sales charge option. You pay F class sales charges directly to your distributor and not from your contract.

You may change from a contract held in nominee name to a contract held in client name with us. The units will move from the F class sales charge option to the FEL sales charge option without a sales charge. Your guarantees will not be affected and the change will not result in a taxable disposition if the funds remain the same.

If we are notified that you no longer have a fee-based or wrap account, we will move the units in the F class sales charge option to the FEL sales charge option according to our administrative rules.

Section 4 Fund switches

You may ask us in writing to redeem some or all of the units of one fund, to purchase units in one or more of our other available funds subject to our administrative rules. The number of switches allowed per year, without charge, is based on our administrative rules.

Fund switches in non-registered contracts are taxable dispositions. This may result in a capital gain or loss.

3.4 Dollar cost average (DCA) fund

The DCA fund allows you to move your premium from the DCA fund into other funds within your contract on a scheduled basis.

You must establish regular fund switches out of the DCA fund over a specified period. You cannot switch money into the DCA fund. All deposits to the DCA fund will be administered based on our administrative rules.

The value of the units that are redeemed because of a fund switch fluctuate with the market value of the underlying assets and is not guaranteed.

Moving between different sales charge options is not a fund switch and redemption fees may be charged. This movement between sales charge options is a withdrawal and a new deposit. It may take place on multiple valuation days and it will affect your guarantees.

Section 5 Withdrawals

5.1 Withdrawals

You may request withdrawals from the contract on a scheduled or unscheduled basis, depending on the registration type of the contract. Withdrawals you make will reduce the maturity and death benefit guarantees. See section 7.5, How withdrawals affect your maturity guarantee and section 8.3, How withdrawals affect your death benefit guarantee, for more information.

For each withdrawal, we redeem units from the funds you choose. We redeem them 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 funds and is not guaranteed.

We may apply a fee for some withdrawals. We may deduct any fees and withholding taxes if required from your withdrawal. See section 6, Fees and charges, for more information.

We set minimum amounts for withdrawals. The minimum amount is before any fees or withholding taxes are deducted.

Redeeming all units will terminate the contract.

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 11, Tax information, in the 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 11.2, Valuation, for more information.

5.2 Scheduled withdrawals

The scheduled withdrawal frequencies available are monthly, quarterly, semi-annually and annually. The scheduled withdrawal options are:

- **Level net amount:** you select the frequency of the withdrawals and the amount you want to receive. In addition to this amount we will withdraw any fees and withholding taxes.
- **Level gross amount:** you select the frequency and amount of the withdrawal before any fees and withholding taxes are deducted.
- **RRIF minimum annual payment:** for RRIF, LIF, LRIF, RLIF, and PRIF only. The RRIF minimum annual payment is calculated according to the Income Tax Act. Each withdrawal will be for the same amount. The total for the calendar year will equal the RRIF minimum annual payment.
- **Maximum annual payment:** for LIF, LRIF, and RLIF only. The maximum annual payment is calculated according to pension law. Each withdrawal will be for the same amount. The total for the calendar year will equal the maximum annual payment.

The scheduled withdrawal option, withdrawal allocation instructions and frequency you select will remain in effect until you tell us in writing to change them. Any changes will affect future payments only. We may apply restrictions and charges to any scheduled withdrawals you request based on our administrative rules. We may change the frequency and withdrawal options at any time.

If you ask us to redeem units of a fund with a DSC or low-load sales charge option before the end of the specified period, a sales charge will apply. We may waive these charges up to the DSC-free amount. See section 6.1, Sales charges, for more information.

We will deposit your scheduled withdrawal to the bank account we have on record for you. If the date specified is on a non-valuation day, the deposit is on the valuation day before your scheduled withdrawal.

5.3 Required withdrawals

RRIFs, LIFs, LRIFs, RLIFs, and PRIFs require a RRIF minimum annual payment be withdrawn each year. We calculate the RRIF minimum annual payment amount based on the total value of your contract on January 1st of each year. If the total amount withdrawn is less than the RRIF minimum annual payment, we will pay you the balance before the end of the year.

The payment is withdrawn using the payment allocation instructions we have on file for you. If none have been provided, we will pay it according to our administrative rules.

If you have a LIF, LRIF, or RLIF there is a maximum annual payment amount that is set out by pension law. You cannot withdraw more than this amount unless an exception is permitted by pension law.

Tax withholding options

Depending on the payment amount you select, tax may apply. Under the Income Tax Act we are required to withhold tax from payments that are more than the RRIF minimum annual payment amount. You can also request to have additional withholding tax deducted from your payment. You must request this in writing.

Section 6 Fees and charges

6.1 Sales charges

The amount of sales charges is determined by the premium amount and the sales charge option under which you originally purchased units.

Moving money between different sales charge options is not permitted, unless we allow it under our administrative rules. Guarantee top-ups are not subject to sales charges. See section 7, Terms of the guarantees, for more information.

We may offer additional sales charge options for contracts that meet our administrative rules. If a contract holds units with these sales charge options and they no longer meet our requirements, the units will be transferred to another sales charge option based on our administrative rules.

6.2 Fund fees

Insurance fees

You pay an insurance fee to us for providing the maturity guarantee and the death benefit guarantee. We calculate and charge this fee to each fund.

The insurance fee is an annual percentage of the value of all units held in your contract. The annual percentage is available on our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor. We calculate and charge this fee daily to each fund. We may increase this fee, without notice, up to the insurance fee limit. The insurance fee limit is the insurance fee plus the greater of:

- 0.50%, or
- 50% of the insurance fee.

We will give you 60 days advance written notice if we increase the insurance fee above the stated limit on any fund. See section 12, Fundamental changes, for more information.

For more information on the current insurance fees for each fund, see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

Management fees

You pay a management fee to us for managing the funds. We calculate and charge this fee daily to each fund. Each fund will have a different management fee. Management fees may also vary depending on the sales charge option. It is an annual percentage based on the value of all units held in each fund in the contract. For more information on the management fees, see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

The management fees of a fund include all management fees charged by us and any underlying fund. There is no duplication in the management fees and sales charges of the funds and underlying funds.

If we increase the management fee on any fund, we will give you advance written notice. See section 12, Fundamental changes, for more information.

Under current law, taxes may apply to management fees.

Management expense ratio (MER)

The MER is a measure of the cost to run a fund. The MER is calculated based on the insurance fees, the management fee, and a fund's operating expenses.

The MER includes the MER of any underlying fund and any fees or sales charges associated with that underlying fund. There is no duplication in the fees and sales charges of the funds and underlying funds.

The operating expenses of a fund may include operating and administrative costs, legal fees and audit fees. The MER of a fund may change without notice unless the increase is due to an increase in the management fee as referred to above or the insurance fee is increased above the limit.

The MER includes applicable taxes.

6.3 Administrative fees

We may charge the following administrative fees:

- Early withdrawal fee – charged if you redeem units within 30 business days of the date you acquire them. The fee is 2% of the value of the units redeemed after any redemption fees have been charged.
- Small policy fee – charged if the minimum amount to establish the contract has not been met at the end of a calendar year following the calendar year of the initial deposit or if you have redeemed units which reduce the market value below the minimum. The fee will be up to \$150.

These fees do not apply to scheduled withdrawals or to scheduled fund switches.

We may recover from you, by redeeming units of the funds, any expenses or trading losses we incur due to your errors. For example, this may include cheques returned for insufficient funds, or incorrect or incomplete instructions. Any charges we recover will be equal to any expenses or losses we incurred.

Section 7 Maturity guarantee benefit

7.1 Maturity guarantee

The maturity guarantee protects the value of the premiums paid.

The maturity guarantee is payable on both the maturity benefit date and the contract maturity date. You will receive the greater of the maturity guarantee or the contract's market value.

Your maturity benefit date is 15 years from the valuation day of your initial premium payment or the date of your last reset or a renewal of your maturity guarantee. If your contract maturity date is less than 15 years from a renewal, your maturity benefit date will be the same as your contract maturity date. See section 7.2, Resetting your maturity guarantee, and section 7.3, Maturity benefit date for more information.

Your contract maturity date is December 31st of the year the annuitant turns 100.

At the contract maturity date, annuity payments will begin unless you tell us otherwise in writing. See section 14.2, Payout annuity, for more information.

The maturity guarantee, before the first reset or renewal, is:

- 100% of the initial premium payment,
- 100% of all premiums paid before your first maturity anniversary date, and
- 75% of all premiums paid on or after your first maturity anniversary date and before your maturity benefit date.

Withdrawals you make will reduce your maturity guarantee. See section 7.5, How withdrawals affect your maturity guarantee, for more information.

7.2 Resetting your maturity guarantee

You may ask us to increase your maturity guarantee value by resetting it before your maturity benefit date up to December 31st of the year the annuitant turns 80.

You may request four resets in a calendar year. On the valuation day we receive your request to reset, we will:

- increase the maturity guarantee value to equal the contract's market value,
- reset your maturity benefit date to be 15 years from the valuation day of the reset, and
- change your maturity anniversary date to be the day and month of the valuation day of the reset.

When you ask for a reset you cannot change or revoke your request.

7.3 Maturity benefit date

On your maturity benefit date, your maturity guarantee renews and your contract continues with a new maturity benefit date, unless you tell us otherwise in writing. You receive a new maturity benefit date and a new maturity guarantee. If the maturity benefit renewal is on a non-valuation day, the maturity benefit renewal will be the previous valuation day.

The maturity benefit date is the latest of:

- 15 years from the valuation day of your initial premium payment,
- 15 years from the valuation day of your last maturity guarantee reset, or
- 15 years from the last maturity benefit date when the maturity guarantee renewed. If the maturity benefit date is less than 15 years from the contract maturity date, the new maturity benefit date will be the same as the contract maturity date.

All premiums have the same maturity benefit date. The maturity benefit date only changes when the maturity guarantee is reset or renewed.

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

- the maturity guarantee, or
- the contract's market value.

If the contract's market value is less than the maturity guarantee on the maturity benefit date, we will immediately add units to increase the value to equal the maturity guarantee. This is a guarantee top-up.

On the maturity benefit date the maturity guarantee will be 100% of the contract's market value after the guarantee top-up.

If your maturity benefit date is the same as your contract maturity date, the new maturity guarantee will be 75% of the contract's market value. If a guarantee top-up is required, the new maturity guarantee will be 75% of the contract's market value after the guarantee top-up.

Depending on the contract's registration type, you may withdraw your money instead of receiving a new maturity guarantee, subject to withholding taxes and sales charges. A withdrawal of all units will terminate the contract.

7.4 Additional premium payments after a maturity guarantee reset or renewal

If you make premium payments after your last reset or renewal and before the first maturity anniversary date of your last reset or renewal, the maturity guarantee is increased by 100% of the premiums paid.

If you make premium payments on or after the maturity anniversary date that follows your last reset or renewal, the maturity guarantee is increased by 75% of the premiums paid.

7.5 How withdrawals affect your maturity guarantee

You may ask for withdrawals from your contract at any time. Withdrawals from locked-in plans are subject to pension law restrictions.

7.5.1 Non-registered, TFSA, RRSP, LIRA, LRSP, RLSP contracts

Any withdrawals will proportionately reduce the maturity guarantee. The formula for proportionate reduction is:

Proportionate reduction = $MG \times W/MV$

- MG = maturity guarantee immediately before the withdrawal
- W = market value of the units redeemed
- MV = contract's market value on the valuation day immediately before the withdrawal

7.5.2 RRIF, LIF, LRIF, RLIF, and PRIF contracts

Each year on January 1st we calculate your RRIF minimum annual payment. When you take your RRIF minimum annual payment, the maturity guarantee is reduced by the amount of the withdrawal.

Any withdrawals in the calendar year that are greater than your RRIF minimum annual payment will proportionately reduce the maturity guarantee.

Nominee self-directed RRIF contracts (including nominee locked-in contracts)

We will calculate a notional RRIF minimum annual payment using the market value of the contract on January 1st of each year. It's calculated based on the annuitant's age unless the trustee tells us it must be based on the age of the annuitant's spouse.

Section 8 Death benefit guarantee

8.1 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 initial death benefit guarantee is 100% of your initial premium payment. Before any resets, it will be increased by 100% of all additional premiums paid, and reduced for all withdrawals. See section 8.2, Death benefit guarantee resets, for more information.

The death benefit date is the date we receive proof, satisfactory to us, of the last surviving annuitant's death. On this date we establish the death benefit which is the greater of:

- the death benefit guarantee, or
- the contract's market value on the death benefit date.

If the contract's market value is less than the death benefit guarantee on the death benefit date, we will immediately add units to increase the value to equal the death benefit guarantee. 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 a money market fund to be held there until the death benefit is paid.

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

8.2 Death benefit guarantee reset

Each year we reset the death benefit guarantee if the contract's market value on the contract anniversary date is more than the existing death benefit guarantee. The final reset will take place on the contract anniversary date in the calendar year the annuitant turns 80. If the contract anniversary date is a non-valuation day, the reset will occur on the previous valuation day.

If the contract's market value is less than the death benefit guarantee on the date of the reset, the death benefit will not change.

After the reset, and before a subsequent reset, the death benefit guarantee is increased by 100% of all premiums paid and reduced for all withdrawals.

If a successor annuitant becomes the annuitant, the contract will be eligible for resets until the contract anniversary date in the calendar year the successor annuitant turns 80.

8.3 How withdrawals affect your death benefit guarantee

8.3.1 Non-registered, TFSA, RRSP, LIRA, LRSP, RLSP contracts

Any withdrawals will proportionately reduce the death benefit guarantee. The formula for proportionate reduction is:

Proportionate reduction = $DB \times W/MV$

- DB = death benefit guarantee immediately before the withdrawal
- W = market value of the units redeemed
- MV = contract's market value on the valuation day immediately before the withdrawal

8.3.2 RRIF, LIF, LRIF, RLIF, and PRIF contracts

Each year on January 1st we calculate your RRIF minimum annual payment. When you take your RRIF minimum annual payment, the death benefit guarantee is reduced by the amount of the withdrawal.

Any withdrawals in the calendar year that are greater than your RRIF minimum annual payment will proportionately reduce the death benefit guarantee.

Nominee self-directed RRIF contracts (including nominee locked-in contracts)

We will calculate a notional RRIF minimum annual payment using the market value of the contract on January 1st of each year. It's calculated based on the annuitant's age unless the trustee tells us it must be based on the age of the annuitant's spouse.

Section 9 RRSP to RRIF conversions

If your contract is an RRSP you may convert it to a RRIF, subject to applicable law and minimum balance requirements found in section 2.1, Deposits, in the information folder.

This provision applies to locked-in contracts subject to applicable pension law.

To exercise this right you must send us a written request and any administrative forms we require.

The RRSP conversion to a RRIF is subject to our administrative rules. The valuation day for the conversion is the date that we receive your written request. If that date is not a valuation day, it is the next valuation day.

On the valuation day of your request, the RRSP provisions of the contract will end and the RRIF provisions take effect.

All other terms of the contract continue, including the guarantees. The maturity benefit date does not change.

Any withdrawals taken before we calculate your RRIF minimum annual payment will proportionately reduce your maturity and death benefit guarantees.

Once the RRIF minimum annual payment has been calculated, withdrawals taken up to that amount will reduce the maturity and death benefit guarantees by the amount of the withdrawal.

If your RRSP contract has not been converted by the RRSP maturity date as required by the Income Tax Act, we will automatically convert it to a RRIF.

Section 10 Contract continuation at the annuitant's death

If the contract continues because there is a successor annuitant, no death benefit is payable and no guarantee top-up applies.

Certain provisions of the contract are based on the age of the annuitant. If the annuitant dies, the age of the successor annuitant will be used for these provisions.

Successor owner

You may appoint a successor owner or owners for non-registered contracts only. In the province of Quebec, a successor owner is called a subrogated policyholder. If you die and the contract continues, ownership of the contract passes to your successor owner. If you are the last surviving annuitant the contract will end and the death benefit will be paid to the person entitled to receive it. You can name, change or remove a successor owner at any time before the owner dies.

Successor annuitant

You may appoint a successor annuitant for non-registered and RRIF contracts. The successor annuitant on a RRIF contract must be your spouse. When the annuitant dies, the successor annuitant will automatically become the annuitant and owner of the contract. The appointment of successor annuitant must be made before the death of the annuitant. You can name, change or remove a successor annuitant at any time before the annuitant dies.

Successor planholder

You may appoint your spouse as successor planholder for TFSA contracts. When you die, if your spouse is alive and still your spouse they automatically become the planholder. You can name, change or remove the successor planholder at any time, subject to legal restrictions.

Section 11 Values

11.1 Market value

The contract's market value on any valuation day is the total value of the units of all funds in the contract at the close of business on that day.

11.2 Valuation day

A valuation day is every day that the Toronto Stock Exchange is open for business and a value is available for the underlying assets of a fund.

If we receive transaction instructions before the market cut-off time, we will process the transaction based on the market value at the close of business on the valuation day. We determine the market cut-off time and we may change it.

11.3 Unit value

We determine the unit value of a fund on a valuation day according to our administrative rules. We determine the unit value of a fund at the market cut-off time on each valuation day.

The unit value will be the total value of the underlying assets of the fund after deducting all liabilities, divided by the number of fund units.

The unit value of a fund is normally valued on every valuation day. We may postpone valuation for any period:

- during which any of the stock exchanges are closed,
- during which trading on securities exchanges has been restricted, or
- where it is not reasonable to trade securities of a fund, or determine the total value of the assets of a fund.

Even if we postpone valuation we will always value the fund's unit value at least once a month.

Section 12 Fundamental changes

We may make fundamental changes to your contract. To do this we will tell you in writing 60 days before the effective date of the change. The following are fundamental changes:

- a change to the fundamental investment objective of a fund,
- a decrease in the frequency that units of a fund are valued,
- an increase of the insurance fee of a fund above the insurance fee limit, or
- an increase of the management fee of a fund.

If we make a fundamental change you will have the following rights:

- transfer the value of the units of the fund affected by the fundamental change to a similar fund without any redemption fees or similar charges, or
- if a similar fund is not available, you may redeem the units of the fund affected by the fundamental change without any redemption fees or similar charges.

A similar fund is another fund that:

- has a comparable fundamental investment objective,
- is in the same investment category, and
- has a management fee and insurance fee which are the same as or lower than the current fund.

Section 13 Rescission (if you change your mind)

You can change your mind about purchasing the contract or adding more money to it. 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.

Section 14 Termination

14.1 Cancellation

You may cancel this contract at any time. We will redeem all units held in your contract. If you request a redemption of all units we will treat this as a request to cancel. Payments made under this section will discharge our obligations under this contract.

Cancellation is subject to our administrative rules and fees.

If you cancel your contract within 30 business days of the first deposit, we may apply a fee of 2% of the market value in addition to any sales charges that may apply.

14.2 Payout annuity

On the contract maturity date, annuity payments will begin.

The payout annuity depends on the contract registration type you hold.

For all contract registration types except TFSA, we calculate and pay the annuity payments as a life annuity guaranteed for 10 years. The annuity rate we use will be the greater of:

- the rate specified in the table below, or
- the annuity rate in effect at the time you begin annuity payments.

Annuitant's age on the date you ask to begin annuity payments	Monthly payment per \$1,000 total contract value (less any redemption fees or other fees)
0-24	\$0.50
25-39	\$0.75
40-59	\$1.00
60-69	\$1.50
70-85	\$2.00
86 and over	\$4.00

For TFSA contracts, we calculate and pay the annuity payments as a 10 year term certain annuity. The annuity rate we use will be the greater of:

- a monthly income of \$8.50 for each \$1,000 of total contract value (less any redemption fees or other fees), or
- the annuity rate in effect at the time you begin annuity payments.

If the annuitant dies before 120 annuity payments are made, we will pay a death benefit to the person entitled to receive it. On contracts except TFSA, where the annuitant is alive after we have paid 120 annuity payments, we continue the annuity payments until their death. We may recover any payments made after the annuitant dies.

If the amount of the annuity payments we calculate is less than the monthly minimum required according to our administrative rules, we may pay you the total contract value, less any fees, in one lump sum.

You may ask to begin annuity payments at an earlier date. A spousal waiver or consent may be required for locked-in contracts. The rate we use will be the annuity rate in effect at that time.

Section 15 Private Client program

We may offer a Private Client program. If available, it provides a cost effective investment solution and may provide enhanced services.

The Private Client program is subject to our administrative rules. We may discontinue or change all or part of the program, including any class of units offered under the program.

Contact your insurance advisor for more information. For information on which segregated funds are available in the Private Client program, see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

15.1 Participating in the Private Client program

To enter the Private Client program your contract must meet a minimum market value in Private Client eligible units.

Minimum amounts, segregated funds, sales charge options and fund classes that are eligible are subject to our administrative rules and can change. For a current list of what is eligible, see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

We may increase the minimum market value for the Private Client program at any time. We may make an exception to this minimum based on the holdings in one or more eligible products according to our administrative rules.

If at any time the market value of your Private Client eligible units falls below the minimum, we may terminate your participation in the program without notice.

15.2 Private Client management fees

When the market value of units in eligible segregated funds is equal to or more than the minimum for the Private Client program, you will receive a reduced management fee for those units. We calculate management fee reductions daily and apply them to the contract at the end of the month. For information on the management fee reductions see our website at sunlifegifs.ca/privateclientprogram.

Private Client units will automatically receive the management fee reduction as long as the market value of all eligible units remains at or above the minimum required. These units will not receive the management fee reduction while the market value is below the minimum.

For all eligible units, except O class units, we apply the management fee reduction monthly by allocating additional units to your contract. The additional units do not affect your guarantees. For information on the management fees, see our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

For O class units we collect the management fee, net of the management fee reduction, plus applicable taxes, monthly directly from your O class units proportionately from each fund. The redemption of units to pay the management fee does not affect your guarantees. For information on the management fees, our website at sunlifegifs.ca/investmentoptions or talk to your insurance advisor.

If we terminate your participation in the Private Client program, we may switch your O class units to the equivalent value of FEL units of the same fund within the contract without any sales charges.

15.3 O class service fee

When you purchase O class units we pay the FEL sales charge to your distributor. See section 8.1.1, Front-end load (FEL), in the information folder for more information.

When you purchase O class units you agree to pay your distributor a service fee. We collect this fee plus applicable taxes on your distributor's behalf by redeeming O class units from your contract monthly proportionately from each fund. The redemption of units to pay the fee does not affect your guarantees.

You may negotiate the service fee with your insurance advisor. It must not be more than 1.00% annually, plus applicable taxes.

To change the service fee we must receive written instructions agreed to by you and your insurance advisor.

Section 16 Endorsements

16.1 Retirement saving plan (RSP)

If you have requested that your contract be registered as an RRSP under the Income Tax Act and any applicable provincial income tax law, the following provisions apply. They form part of your contract and override anything to the contrary in the Sun Protect GIF contract.

1. Before the maturity date and while you are alive you may withdraw some or all of the market value of your contract. The withdrawal is subject to the terms of your contract and the Income Tax Act.
2. The contract and the annuity payments cannot be assigned either in whole or in part.
3. The plan may be amended at any time to permit a plan amendment transfer to another issuer in accordance with section 146 of the Income Tax Act.
4. Your right to select retirement income is limited to the rights set out in subsection 146(1) of the Income Tax Act.
5. If you die before the settlement of your contract, the proceeds are payable in one sum.
6. The plan does not provide for periodic payments in a year under an annuity after the death of the first annuitant, the total of which exceeds the total of the payments under the annuity in a year before that death.
7. Despite paragraph 146(2)(a) of the Income Tax Act, if we are given proof that there is tax payable, resulting from an over-contribution, under Part X.1 of the Income Tax Act or, if applicable, a similar clause of a provincial act, then we will refund to the contributor all amounts required to reduce or eliminate the amount otherwise payable. However, the refund cannot be greater than the market value of the contract. We may require return of the contract for endorsement.
8. Annuity payments to you or to your spouse will be in equal annual or more frequent periodic payments as specified in the Income Tax Act. Annuity payments may not be surrendered, commuted or assigned. However, if you die while annuity payments are being made, any remaining payments must be commuted and paid in one sum to the beneficiary, if other than your spouse. If the beneficiary is your spouse, payment of the annuity will

continue under the terms of the annuity you selected and subject to the terms of the Income Tax Act.

9. Your contract must mature on or before the latest date specified in the Income Tax Act for RSPs.
10. No deposits may be made following the maturity date of the contract.

16.2 Retirement income fund (RIF)

If you have requested that your contract be registered as a RRIF under the Income Tax Act and any applicable provincial income tax law, the following provisions apply. They form part of your contract and override anything to the contrary in the Sun Protect GIF contract.

1. We will only accept deposits into the contract from:
 - a. a registered retirement savings plan (RRSP) under which you are the annuitant,
 - b. another registered retirement income fund (RRIF) under which you are the annuitant,
 - c. the proceeds from an RRSP or a RRIF of your spouse on their death as described in paragraph 60(l)(v) of the Income Tax Act,
 - d. the proceeds from an RRSP or a RRIF of your spouse or former spouse under a valid order or a written separation agreement, dividing property between you and your spouse or former spouse settling rights resulting from the breakdown of your marriage or common-law partnership,
 - e. a registered pension plan of which you are a member (under subsection 147.1(1) of the Income Tax Act),
 - f. a registered pension plan according to subsection 147.3(5) or (7) of the Income Tax Act, or
 - g. a specified pension plan according to subsection 146(21) of the Income Tax Act.
2. No payments will be made from the contract except as provided in this contract and under section 146.3 of the Income Tax Act.
3. The contract or any payments cannot be assigned either in whole or in part.

4. On your death except where your spouse becomes entitled to receive retirement income payments under your contract or your will, we will pay the death benefit as provided in your contract.
5. On your request we will transfer all or part of the market value of your contract, subject to redemption fees, to another RRIF carrier. We will provide all the information necessary to continue the RRIF. We will pay you the balance of the RRIF minimum annual payment for the year in which the transfer is made, as required under the Income Tax Act.

16.3 Tax-free savings account (TFSA)

If you have requested that your contract be registered as a TFSA under the Income Tax Act and any applicable provincial income tax law, the following provisions apply. They form part of your contract and override anything to the contrary in the Sun Protect GIF contract.

1. You must be 18 years of age or older and a resident of Canada when this contract is entered into.
2. This TFSA contract is a qualifying arrangement for the purposes of subsection 146.2(1) of the Income Tax Act.
3. The contract will be maintained for the planholder's exclusive benefit, determined without regard to any right of a person to receive a payment out of or under this contract on or after the death of the planholder. This condition is subject to the provisions of section 9 of this endorsement.
4. While there is a planholder, no one other than the planholder or us has any rights under the contract relating to the amount and timing of distributions and the investing of funds.
5. Only the planholder can make contributions to this contract.
6. If we are given proof that there is tax payable under section 207.02 or 207.03 of the Income Tax Act, then we will refund to the planholder all amounts required to reduce or eliminate the amount otherwise payable. However, the refund cannot be greater than the market value of the contract.
7. On your request we will transfer all or part of the market value of your contract to another TFSA of the planholder, subject to redemption fees. We will provide all the information necessary to continue the TFSA.
8. The contract complies with any regulations and conditions under the Income Tax Act for TFSAs.
9. The planholder may use the interest in the TFSA contract as security for a loan or other indebtedness if:
 - a. the terms and conditions of the indebtedness are terms and conditions that persons dealing at arm's length with each other would have entered into, and
 - b. it can reasonably be concluded that none of the main purposes for that use is to enable a person (other than the planholder) or a partnership to benefit from the exemption from tax under the Income Tax Act of any amount in respect of the TFSA.

Glossary of terms

Annuitant – the person on whose life the contract and guarantees are based. If the contract is registered as an RRSP or RRIF it has the meaning defined in subsections 146(1) and 146.3(1) of the Income Tax Act.

Annuity payments – the monthly payout annuity payments we pay to the annuity recipient.

Client name – a contract held in your name and you have not named a nominee.

Contract – includes the contract provisions in this document, the application, 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 anniversary date – the same month and day every year as the date of the first premium payment.

Contract date – the valuation day of the initial premium.

Contract maturity date – the last valuation day of the calendar year the annuitant turns 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 less any sales charges or government fees. We also use it as a verb meaning to make a premium payment.

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

Distribution – means a payment out of or under the TFSA to satisfy all or part of the planholder's interest in the TFSA as defined by subsection 146.2(1) of the Income Tax Act.

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 the contract.

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

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.

Insurance fee – a fee charged by Sun Life to the fund for providing the guaranteed benefits.

Life annuity – provides payments for as long as the annuitant lives.

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.

Maturity anniversary date – the same month and day every year as the maturity benefit date.

Maturity benefit date – is 15 years from the valuation day of your initial premium payment, your last reset, or your last renewal. If the maturity benefit date is less than 15 years from your contract maturity date, your maturity benefit date will be the same as your contract maturity date.

Nominee – the distributor or their related dealer named by the owner as a nominee owner to provide services to the owner and instructions to Sun Life 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.

Planholder/owner/annuitant of a TFSA – is the holder of the TFSA contract as defined by subsection 146.2(1) in the Income Tax Act.

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.

Qualifying arrangement – is an arrangement that is entered into after 2008 between the issuer and an individual who is at least 18 years of age as defined in subsection 146.2(1) of the Income Tax Act.

Redeem, redeemed, or redemption – means to surrender any units allocated to the 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 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.

RRSP maturity date – the latest date permitted by the Income Tax Act that an RRSP, LIRA, LRSP, or RLSP may be converted to a RRIF, LIF, LRIF, RLIF, or PRIF and keep its tax deferred status.

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

Spouse – your spouse or common-law partner as defined in the Income Tax Act.

Spousal RRSP – an RRSP contract where your spouse deposits premiums.

Survivor – a person who is a spouse or common-law partner of the individual immediately before the individual's death as defined by subsection 146.2(1) of the Income Tax Act.

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

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 \$951 billion*
- 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
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- Full suite of leading insurance and investment products for individuals and corporate customers
- Strong commitment to service excellence

* As of December 31, 2018 for the Sun Life Financial group of companies.

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