

NEW BRUNSWICK – LIFE INCOME FUND ADDENDUM

Despite any other provisions of the contract, if locked-in money has come from a plan that is governed by the Pension Benefits Act (New Brunswick) (the Act) and General Regulation – Pension Benefits Act (Regulation), the following provisions apply to it.

You, your, and owner mean the owner of the LIF. Sun Life, we, us and our mean Sun Life Assurance Company of Canada.

Spouse means either of two persons who:

- are married to each other,
- are married to each other by a marriage that is voidable but has not been annulled, or
- have gone through a form of marriage with each other in good faith that is void and they have cohabited within the previous year.

Common-law partner has the same meaning as in the Act.

Spouse and common-law partner do not include any person who is not recognized as a spouse or common-law partner for the purposes of the Income Tax Act (Canada) (ITA) for registered retirement income funds.

When we use the term approved form, we mean a form approved by the Superintendent. Superintendent is defined in the Act.

When we use the term year, we mean a calendar year beginning January 1st and ending December 31st.

Addendum provisions:

1. Contract, deferred life annuity, financial institution, locked-in retirement account (LIRA), life income fund (LIF), life annuity and retirement savings arrangement have the same meanings as in the Act and Regulation.
2. This addendum overrides any provision of the contract inconsistent with it.
3. No money transferred, including interest, may be assigned, charged, anticipated, given as security or subjected to execution, seizure, attachment or other process of law except under section 44 or subsection 57(6) of the Act.
4. If this LIF contains money transferred from the commuted value of a pension benefit, we will confirm to you if this commuted value was determined on a basis that differentiated by sex.
5. You may only transfer money into your LIF with money originating from:
 - a registered pension plan that meets the requirements of the Act and Regulation or similar legislation in another jurisdiction,
 - another registered retirement savings arrangement that meets the requirements of the Act and Regulation, or
 - a life or deferred life annuity that conforms with the Act and Regulation.
6. Before using your LIF to purchase an immediate life annuity, you may transfer some or all of your LIF to:
 - a LIRA,
 - a life or deferred life annuity contract permitted by the Act and Regulation,
 - a registered pension plan, if permitted by the Act or Regulation, or
 - another LIF.
7. At any time, you may convert all or part of your LIF to a life or deferred life annuity that complies with section 23 of the Regulation.
8. No money in your LIF can be commuted or surrendered during your lifetime unless permitted under the Act. Any transaction that contravenes this provision is void.
9. At the beginning of each year, we will send you a statement. This statement will provide details of the value of your LIF, amounts deposited, their sources, earnings, withdrawals, and fees. We will also tell you the minimum annual payment and maximum annual payment for the year.

A statement also will be produced if:

 - you transfer any part of your LIF, effective on the date of transfer,
 - you convert your LIF to a life annuity, effective the date of conversion, or
 - you die, as of the date of death.
10. You will receive payments, which may vary each year, until your LIF is used to purchase a life annuity. These payments must begin before the end of the second year of the LIF.

11. You will set the amount of income payable at the beginning of each year.
12. The total amount paid during a year cannot exceed the maximum annual payment (M) and cannot be less than the minimum annual payment (m). The minimum and maximum annual payments are calculated each year on January 1st and are based on the value of your LIF on that date. You may not withdraw more than the maximum annual payment in a year unless permitted by pension law.

The amount of income in a year will be calculated using the following formulas:

$$M = \frac{C}{F}, \text{ and}$$

$$m = \frac{C}{H}$$

and where

C = the balance of money in the LIF on the first day of the year,

F = the value of a guaranteed pension on the first day of the year. The annual payment of this pension is one dollar payable on the first day of each year between January 1st and December 31st of the year in which you turn age 90.

H = the number of years between January 1st of the year in which the calculation is made and December 31st of the year in which you turn age 90.

The value of "F" will be set at the beginning of each year of the fund using:

- an interest rate of no more than six per cent per year, or
 - for the first 15 years after the valuation of the fund, an interest rate exceeding six per cent each year if that rate is not more than the interest rate obtained on long-term bonds issued by the government of Canada for the month of November in the year before the calculation is made, as published in the Bank of Canada Review as CANSIM Series B14013 and using an interest rate that's not more than six per cent per year in subsequent years.
13. If your LIF has been set up with money transferred from another LIF, then during the year of the transfer, the maximum amount you may withdraw from your LIF will be zero.
 14. You may request a withdrawal from your LIF if the amount is withdrawn to reduce the amount of tax otherwise payable under Part X.1 of the ITA, which relates to tax for over contributions to deferred income plans.
 15. You may ask us for a series of payments or a lump sum withdrawal if you provide a written statement signed by a physician. The physician must certify in writing that you have a significant physical or mental disability that considerably shortens your life expectancy.
 16. You may withdraw the balance of your LIF if you and your spouse or common-law partner:
 - are not Canadian citizens, and
 - are not residents of Canada according to the ITA.If you have a spouse or common-law partner, they must waive their rights using an approved form.
 17. You may apply using Form 3.3 to transfer up to three times the maximum annual payment in a year to a RRIF. This amount cannot be more than 25% of the value of the LIF. This transfer is allowed once in your lifetime. The transfer amount is based on the value of the LIF at the beginning of the year in which the transfer was made and cannot exceed the maximum permitted. If you have a spouse or common-law partner, they must consent using Form 3.4.
 18. For the purposes of provisions (14), (15), (16) and (17), we rely on the information you provide when you make an application under the applicable provision. When we receive an application that meets the provision's requirements, we have your authorization to make the withdrawal or transfer. Payment discharges us from any liability for the amount released.
 19. If there is a breakdown of your spousal relationship, your LIF may be divided between you and your spouse or common-law partner according to sections 27 to 33 of the Regulation. The commuted value of the LIF will be determined according to the Act and Regulation. Any transaction that contravenes this provision is void.
 20. If you die, your spouse or common-law partner is entitled to receive the death benefit from your LIF. If you do not have a spouse or

common-law partner, the death benefit will be paid to your beneficiary or, if none is named, to your estate.

21. Your spouse or common-law partner is not entitled to receive the death benefit unless you were a member or former member of a pension plan from which assets were transferred to purchase the LIF. Your spouse or common-law partner will not be entitled to receive the death benefit if they received a payment from division of the pension under the terms of the Act. Your spouse or common-law partner may receive the death benefit if they are named as your beneficiary.

The death benefit may be transferred to an RRSP or a RRIF according to the ITA. The death benefit can also be taken in cash. Your spouse or common-law partner may waive their entitlement to the death benefit by completing Form 3.02. If your spouse or common-law partner has signed a waiver, they may cancel it by telling us in writing before you die.

22. We cannot amend your contract if the amendment would reduce your benefits under the contract unless:

- the amendment is required by law, and
- you are entitled to transfer your LIF based on provisions in place before the amendment is made.

If we amend the contract, we will tell you in writing. You will have 90 days after we tell you in writing to transfer your LIF.