

Working with the Payout Annuity Income Illustration Tool

WHAT'S NEW AND HOW TO SUBMIT BUSINESS USING THE TOOL

Our new Payout Annuity Income Illustration tool is available on April 15, 2024. As with anything new, there are bound to be some questions. We've put together this document to help introduce you to this tool, and to answer some questions you might have.

Benefits and features

Having considered what worked in the past and what could be improved, we've designed the following benefits into our Payout Annuity Income Illustration tool:

- | | |
|--|--|
| <ul style="list-style-type: none">• Available 24/7;• Save quotes in progress;• Retrieve and confirm illustrations;• Income that can be illustrated and sold (not just estimated); | <ul style="list-style-type: none">• Guided experience;• Client-friendly illustration output;• Detailed, customizable dashboard; and• Alignment with other Sun Life tools. |
|--|--|

For most sales, you don't need to contact us to get an illustration, except for:

- An age rating (Essential Care Annuity)
- Total premium over \$2,000,000, which will require our Pricing Team's review
- Premium from a locked-in source to which both pre- and post-legislative (sex distinct vs. unisex) pricing applies
- Premium from a non-registered life insurance or wealth contract with an unreported gain to be carried over
- Premium from qualified internal policies that are eligible for enhanced annuity rates
- Reduced commission
- Integrated income
- Funded by RPP – DBPP (Defined Benefit Pension Plan) or “copy-cat” illustrations
- Price match illustrations for premiums \$500,000 and over (with a copy of the competition's illustration for pricing review)

Common terms

When navigating the illustration tool:

income start date	The date we make the first annuity income payment. The client chooses the income start date; it can't be changed once the policy is issued.
purchase date	The date we receive the completed application and the last premium. The contract takes effect on this date. Note: Do not use a same-day purchase date as it will be adjusted to when we receive all requirements and will negatively impact the income projected. We recommend that the purchase date be at least 30 days from the illustration date.
guaranteed period (GP)	The guaranteed period starts on the income start date and is the time during which we'll pay a death benefit if the last surviving annuitant dies. For a term certain annuity, the guaranteed period equals the payment period.
premium	The amount used to fund the annuity. The amount of premium impacts the income projected. If the premium amount received is more or less than originally expected, the income amount can change.
annuity type	There are different types of annuities available – a client must indicate which type they would like to set up. <i>A single life annuity (SL)</i> provides guaranteed income payments for as long as the annuitant lives. <i>A joint life annuity (JL)</i> provides payments as long as the annuitant or the joint annuitant lives. With life annuities, clients never have to worry about outliving their retirement income. If a beneficiary is named, a death benefit may be payable to that beneficiary if the annuitants pass away before the end of a guarantee period. <i>A term certain annuity (TC)</i> provides guaranteed income payments for a selected period of time. The beneficiary will receive the balance of the guaranteed income payments if the annuitant(s) dies before the end of the selected time period
indexation	The indexation rate (or "indexing") allows for the income to increase annually at a certain rate. A flat percentage between 1% to 4% can be chosen.

With reference to the different illustration statuses:

in progress	illustration has been started but not yet completed.
illustrated	illustration has been completed where an output may or may not have been produced. The "illustrated and within rate guarantee" tab shows a filtered view of these active illustrations. If expired, the status will remain the same. Expiry dates are indicated on the dashboard.

confirmed sold	illustration has been confirmed and rates guaranteed for 45 calendar days in order to submit an application and all funds. Expiry dates are indicated on the dashboard with an indicator if the illustration is due to expire within 14 days.
issued	illustration has been established from a submitted application and a contract has been issued. The details of this illustration will no longer be viewable from the dashboard.
not proceeded	previously confirmed illustration has not been proceeded with or established. The details of this illustration will no longer be viewable from the dashboard.

Frequently asked questions

Can I illustrate an annuity funded by multiple sources of funds?

Yes. We can combine multiple sources of funds under one contract where each income layer projected is administered and reported accordingly. The payout annuity contract will indicate the same. However, we currently cannot accept funds from a PRIF, TFSA or FHSA into a payout annuity.

How long is my illustration valid for?

Once completed, your illustration is valid for the current day and the next two business days.

What happens when I confirm the sale?

When your client intends to submit an application to proceed with the purchase of the annuity, you can confirm the sale. This allows you to hold the rate in effect on your illustration for clients for 45 calendar days. Confirm only the ones you have sold.

Note: A guaranteed rate does not mean the income will be as illustrated. Any changes to the illustration details between the time it has been confirmed and the contract is issued will change the projected income. Once all requirements are received the confirmed illustration will be adjusted to reflect the purchase date, premium received and any other changes requested (e.g. income start date, guarantee period).

How can I confirm my sale?

To confirm the sale:

- Retrieve your illustration on the dashboard
- Ensure an illustration output has been produced and presented to the client
- Click on "Confirm sale" and note the policy number provided to include on the application form
- Click on "Start application process" to access the application and then complete it with the client

Note: To lock-in the rate that's in effect on your illustration, you must confirm the sale before 11:59 p.m. ET on the rate guarantee date on your illustration.

Other ways you can confirm the sale:

- ❑ **By phone:** You can call us on business days between 8 a.m. and 6 p.m. eastern time at 1-800-800-4SUN (4786). If you are calling between 6 p.m. and 12:00 a.m. eastern time, you may leave a message asking us to confirm the sale for that day. Leave us your name, phone number and e-mail address. We'll be in touch with you the next day to get the details of the sale and provide a policy number for you to include on the application.

- ❑ **By fax:** Fax your illustration to us at 1-519-888-3485, with a note asking us to confirm the sale. Please include your name, phone number, fax number and your advisor number. We'll be in touch with you the next day to get the details of the sale and provide a policy number for you to include on the application.

What is a copy-cat annuity and why do I need to contact you to illustrate an annuity funded by RPP – DBPP source of funds?

When an annuity is funded by RPP – DBPP funds, CRA dictates that the annuity being purchased cannot be materially different than the pension offered in the pension documents. The client is at risk of being taxed on the full transfer if the annuity is deemed to be materially different.

More about copy-cat annuities

To provide an illustration, we require the full and up-to-date pension documents for review. Since we need to illustrate an annuity that is not materially different, the pension documents must:

- **state the funds ("CSV" – Cash Surrender Value or "CV" – Commuted value) can be transferred to an annuity.**
- **contain the plan type and features including the annuity type, guarantee period, income amount, pension start date, any additional income supplemental amounts, death benefits, indexation, client details, etc.**

We create an illustration that reflects the options available to the client from the pension document, determining the premium required to provide the same income presented in the documents. We evaluate that the premium required is equal or less to the commuted valued available.

We typically cannot defer the income start date of an RPP – DBPP funded illustration beyond 10 years. In some circumstances, if there is no early retirement option, we may evaluate if we're able to extend further than 10 years.

Like most insurance carriers, we cannot mirror COLA/CPI indexing features since we do not provide this feature on our annuities. However, we currently can apply a 2% flat indexing proxy and remain materially similar as defined by the CRA.

Though we follow our due diligence in providing an illustration that is not materially different than the pension offered to the client in their pension document, it is the responsibility of the client along with their plan administrator to validate the illustration.

Where can I find more information about applications?

Our application can be found [here](#) – it outlines scenarios and additional forms when required (i.e. AML and Identify Verification forms, etc.).

Our Dynamic application is a great tool as it will change depending on the options you choose; removing/adding sections that are/are not applicable.

You can find additional New Business information, including our Form Selection Tool [here](#).

When my illustration is confirmed and my application is complete, how do I submit the application?

By mail:

Sun Life Assurance Company of Canada
227 King Street South
PO Box 1601 Stn Waterloo
Waterloo, ON N2J 4C5

By fax: 1-866-487-4745

Electronically through your advisor site, the Form Selection Tool (or by e-mail at servicenow@sunlife.com with the policy number in the subject line)

How do funds/the premium get transferred to the annuity?

Payout Annuities that are funded internally will be requested and handled by the Sun Life team. Transfers from life insurance policies, individual accumulation annuities or GICs, and Group Retirement Services (GRS) are considered internal transfers.

External sources of funds, or products under Dealer, Nominee or CI Investments must be requested by the advisor/client to be transferred and require a transfer form:

- RRIF, LIF, LRIF funds: T2030
- RRSP, LIRA, LRSP funds: T2033
- DPSP, RPP funds: T2151
- NREG (non-registered): As directed by the relinquishing institution.

Cheques should be made out to *Sun Life Assurance Company of Canada* and include the client's policy number provided when the illustration was confirmed sold.

Note: T2030 Transfer forms ensure that the source company/product create the applicable tax slip and the receiving company/product (annuity) create an offsetting 60I tax receipt. The client must file both to show CRA the full transfer took place. If they do not, they are at risk of being taxed on the full premium.

If cash is being used to purchase the payout annuity, how are the funds/premium submitted?

A cheque should be made out to *Sun Life Assurance Company of Canada* that includes the client's policy number provided when the illustration was confirmed sold. This cheque should be mailed to:

Sun Life Assurance Company of Canada
227 King Street South
PO Box 1601 Stn Waterloo
Waterloo, ON N2J 4C5

We do not currently have a PAC withdrawal functionality for Annuities. When necessary, we can support wires or direct deposit transfers.

Do you accept non-Canadian currency?

Payout annuities can only be funded in Canadian funds and pay out in Canadian funds.

Can an annuity be sold to a non-resident of Canada?

No, not typically. Sun Life will only issue a policy if the Policyholder, Annuitant (and the Joint annuitant if a joint annuity), payor (if other than policyholder) and payment recipient (payee) qualify as Canadian residents for tax purposes as defined by CRA. In the exception of a non-resident that has an existing policy with Sun Life containing a contractual right to purchase a payout annuity we will issue a payout policy to them.

How can I learn more about death benefit options and what happens if my client passes away?

Our [Advisor Guide](#) includes detailed scenarios around life claims handling and how it differs depending on annuity types, income start date, sources of funds and contractual provisions.

Who do I contact if I am experiencing issues with the tool?

For technology support, contact us at:

- For staff of Sun Life Financial Distributors (SLFD): 1-877-272-2020
- If you are not a staff or advisor of SLFD: 1-800-800-4SUN (4786)

Where I can I go for additional support?

Visit our payout annuities advisor resource page for additional support and instructions on how to submit new business <https://www.sunlifeglobalinvestments.com/en/resources/payout-annuities-advisor-resources/>

For assistance creating an illustration or have questions about payout annuities, contact your Wealth Sales Representative or contract us at 1-800-800-4SUN (4786).

Please connect with your Wealth Sales Representative for any support.