

Superflex Annuity Policy Tax-Free Savings Account (TFSA)

In this document, “you”, “your” and “annuitant” mean the *Planholder* of the policy. “We”, “our”, “us” and the “Company” mean Sun Life Assurance Company of Canada.

This Superflex annuity is a deferred life annuity policy (the “policy” or “plan”). It gives you a number of choices for accumulating amounts in compound, monthly, annual or daily interest investments and provides annuity payments upon maturity.

We agree with you to provide the benefits of this policy in accordance with these provisions.

This policy, the application and any amendment form the entire agreement between the Company and you.

Definitions

Applicable Legislation means the Income Tax Act (Canada), provincial income tax legislation, insurance, succession and any other legislation and any future legislation or amendment to existing legislation that will affect the administration of, the payment of benefits and/or ownership rights under this policy.

Balance of a Guaranteed Interest Investment means the sum of all *Premiums* paid into the *Guaranteed Interest Investment* plus interest credited to the *Guaranteed Interest Investment*, less the sum of all withdrawals, handling charges and previous *Market Value Adjustments* on/from the *Guaranteed Interest Investment*.

Balance of the Policy means the sum of all *Premiums* paid into the policy and interest credited, less the sum of all withdrawals, handling charges and previous *Market Value Adjustments*.

Cash Value of a Guaranteed Interest Investment is the *Balance of a Guaranteed Interest Investment* reduced by the amount of any *Market Value Adjustment*.

Cash Value of the Daily Interest Investment means the sum of all *Premiums* paid into the *Daily Interest Investment* and interest credited, less the sum of all withdrawals and handling charges.

Cash Value of the Policy is the *Cash Value of the Daily Interest Investment* plus the sum of the *Cash Value* of each *Guaranteed Interest Investment*.

Daily Interest Investment means a notional account which pays variable daily interest.

End Date is the date on which a *Guaranteed Interest Investment* ends.

Guaranteed Interest Investment means a fixed term investment with a guaranteed interest rate.

Market Value Adjustment means a reduction to the *Balance of a Guaranteed Interest Investment* upon early termination or withdrawal.

We determine the amount of the reduction based on the time left until the *End Date* of the *Guaranteed Interest Investment*, the guaranteed interest rate, the then current interest rate and our expenses for the investment.

Maturity Date is December 31st of the year in which your 90th birthday occurs. You may select another date by providing us notice in a form acceptable to us.

Planholder is the holder of this policy as defined under the Income Tax Act. (Canada). No other person may be designated as the holder.

Premium is any and all payments paid into your policy. It does not include any interest credited by us in accordance with the conditions of this policy.

Spouse means your spouse or common-law partner as recognized under the Income Tax Act (Canada).

Provisions Applicable Before the Maturity Date

Contributions

You may pay *Premiums* at any time unless we notify you to the contrary. Any *Premium* is subject to minimum and maximum amounts determined by us.

Daily Interest Investment

All *Premiums* are applied to the *Daily Interest Investment* unless you direct otherwise. The rate of interest is determined by us each day. This interest is added to the *Daily Interest Investment* at the end of each day.

Guaranteed Interest Investment

Subject to minimums and maximums determined by us, you may direct us to establish a *Guaranteed Interest Investment* using any amount (the “Amount”) from *Premiums* or your *Daily Interest Investment*, including any interest paid into your *Daily Interest Investment*.

The *Guaranteed Interest Investment* starts when we receive your direction and the Amount. You select the *End Date* of the *Guaranteed Interest Investment* from the investment terms we offer. We determine the interest rate for the *Guaranteed Interest Investment* when it is established. You may not select an investment term for a *Guaranteed Interest Investment* if the *End Date* would be after the *Maturity Date*.

On the *End Date*, the *Balance of the Guaranteed Interest Investment* is transferred to the *Daily Interest Investment* or a new *Guaranteed Interest Investment* as directed by you. If no direction is provided, the *Balance of the Guaranteed Interest Investment* is reinvested for the same term as the matured investment at the then current interest rate provided the *End Date* is not after the *Maturity Date*.

At your request, a *Guaranteed Interest Investment* may be terminated before its *End Date*. If you make such a request, the *Cash Value of a Guaranteed Interest Investment* may be transferred to the *Daily Interest Investment*, used to establish a new *Guaranteed Interest Investment*, or withdrawn in accordance with the

terms of this policy as directed by you. A *Market Value Adjustment* may apply.

Interest

Interest rates for monthly interest *Guaranteed Interest Investments* are expressed as rates per year compounded monthly. All other interest rates for this policy are expressed as a rate per year compounded annually.

Interest is calculated on the *Cash Value of the Daily Interest Investment* at the end of each day at the current interest rate for the investment. This interest is added to the policy at the end of each day.

Interest is calculated on the *Balance of a Guaranteed Interest Investment* at the end of each day at the interest rate for the investment. This interest is added to the policy at the end of each day.

On a compound interest *Guaranteed Interest Investment* all interest is maintained within the *Guaranteed Interest Investment*.

On a monthly interest *Guaranteed Interest Investment*, each month all interest credited to the investment during the prior investment month is paid in accordance with the banking information provided on the application form.

On an annual interest *Guaranteed Interest Investment*, each year on the investment anniversary, interest credited to the investment in the prior investment year is transferred to the *Daily Interest Investment* unless otherwise directed by you in a form acceptable to us.

Withdrawals

You may request withdrawals from your policy, subject to minimum amounts as determined by us. Each withdrawal must be individually requested and post-dated requests will not be accepted.

Withdrawals may be subject to a handling charge. No withdrawal may exceed the *Cash Value of the Policy* less any handling charge, nor may the *Cash Value of a Guaranteed Interest Investment* after the withdrawal be less than a minimum amount determined by us.

All withdrawals will be withdrawn from a *Guaranteed Interest Investment(s)* or a *Daily Interest Investment* as directed by you. If no direction is provided, these amounts will be withdrawn from an investment under the policy as determined by the Company in its sole discretion.

Withdrawals, if withdrawn prior to the *End Date* of a *Guaranteed Interest Investment*, may be charged a *Market Value Adjustment*. Any amounts withdrawn from the *Daily Interest Investment* will not be charged a *Market Value Adjustment*.

If the *Balance of the Policy* after the withdrawal would be less than a minimum determined by us, we reserve the right to pay the *Balance of the Policy* instead. A *Market Value Adjustment* may apply.

Termination

You may request payment of the *Cash Value of the Policy* subject to a handling charge as

determined by us. The policy will terminate when we receive your request in a form acceptable to us or when the *Balance of the Policy* is zero.

Death Provisions

If you die before the *Maturity Date*, and your *Spouse* is the sole beneficiary, your *Spouse* has the option to either receive the sum of the balances of the *Guaranteed Interest Investments* and the *Daily Interest Investment* as of the date of death (less any applicable withholding tax), in a lump sum or to elect to become the *Planholder* of this policy with the ability to exercise all of the *Planholder* rights, including the right to designate a beneficiary.

If your *Spouse* is not the sole beneficiary, the sum of the balances of the *Guaranteed Interest Investments* and the *Daily Interest Investment*, on the date of your death, is paid to your named beneficiary(ies). If there is no named beneficiary for a share, alive at the time of your death, that share will be paid to your estate.

Annuity Income

By notifying us in writing, you may change the type of term certain annuity from that described in the Term Certain Annuity Income Benefit provision to a different term certain annuity offered by us.

Provisions Applicable on or after the *Maturity Date*

Contributions

You may not pay additional *Premiums* on or after the *Maturity Date*.

Term Certain Annuity Income Benefit

If this policy is in force on the *Maturity Date* and we have not received alternative instructions from you, the annuity payments as described below will commence.

The annuity income benefit is a 10 year Term Certain Annuity payable to you by us.

If the *Planholder* dies before 120 payments are made, the remainder of the 120 payments are made to the beneficiary(ies) as they become due. However, the beneficiary(ies) may request that the present value of the remainder of the 120 payments be paid in one sum, unless you direct otherwise. (The present value is calculated using an interest rate based on the market conditions on the date of death for a new term certain annuity, with the number of payments equal to those remaining at death.)

Amount of Annuity Payment

The *Cash Value of the Policy* at the *Maturity Date* is used to determine the amount of annuity payment by applying our regular annuity rates, which are the rates for Term Certain Annuities then being issued by us, or in the case of the 10 year Term Certain Annuity described above, that amount or a monthly income of \$8.50 per thousand dollars of *Cash Value of the Policy*, whichever is greater

If the annuity payment determined above would be less than a minimum determined by us, we reserve the right to commute your policy and pay the *Cash Value of the Policy* to you in one sum.

You may transfer all or any part of the present value to another Tax-Free Savings Account you own. Any such transfer will result in a reduction of the remaining guaranteed payments as determined by us. No other transfer or the commutation of any payment is permitted.

Proof of Survival

Proof of survival of the *Planholder* is required before payments commence.

General Provisions

Policy Changes

The conditions of this policy cannot be amended nor can any of the conditions be waived except by an amendment signed by authorized officials of the Company.

Claims

Any claim for a death benefit must be made in writing to our head office. The claimant must provide proof of the claim and the right to receive the benefit.

Notification

Any notices, requests, selections or directions given to us shall be sufficiently given if mailed, addressed to Sun Life Assurance Company of Canada, 227 King Street South, Waterloo, Ontario N2J 4C5, and shall be deemed to have been given on the day that such notice is received by us. Any notice, statement or receipt to be given by us to you shall be sufficiently given if mailed, addressed to you at the last known address for you on our records.

Currency

Canadian dollars.

Participation

This is not a participating policy. You are not eligible to receive policyholder dividends.

Complying with the Income Tax Act (Canada)

In order to meet the requirements of the Income Tax Act (Canada), the following apply to your plan.

1. Any amendment of the plan must comply with the requirements of the Income Tax Act (Canada).
2. The plan shall be maintained for the exclusive benefit of the *Planholder* only, during the lifetime of the *Planholder*.
3. During the lifetime of the *Planholder* no other person has any rights under the plan relating to the amount or timing of withdrawals or payments from the plan or in relation to the investment of the funds.
4. This plan prohibits anyone other than the *Planholder* from making contributions to the plan.
5. If you have made an over-contribution which is subject to a penalty, you may withdraw, subject to the terms of the Withdrawals section, any amount necessary to reduce the amount of tax payable by the *Planholder* under section 207.02 or 207.03 of the Income Tax Act (Canada).
6. No advantages, except those permitted in the Income Tax Act (Canada), or any amendments thereto, that are conditional in any way on the existence

of the plan, may be extended to the *Planholder* or a person with whom he was not dealing at arm's length.

7. The arrangement provides that, at the direction of the *Planholder*, the issuer shall transfer all or any part of the property held in connection with the arrangement (or an amount equal to its value) to another TFSA of the *Planholder*. Any transfer will be subject to the **Withdrawals** section of the policy.

Assignments

If this plan is assigned, written notice of the assignment must be sent to our head office. We assume no responsibility for the validity of any assignment.

Signed at 227 King Street South, Waterloo, Ontario, N2J 4C5.



Donald A. Stewart
Chief Executive
Officer

Joan Wilson
Vice President and
Corporate Secretary

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