

## SunSpectrum Accumulation Annuity Tax-Free Savings Account (TFSA)

SunSpectrum Accumulation Annuity is a deferred annuity policy (the "Policy" or "Plan"). 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. We agree to provide the benefits of the policy as set out in these provisions.

The Policy, the application and any amendments form the entire contract between the Company and you.

### Definitions

**Balance of a Guaranteed Interest Investment** is 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
- transfers out of the *Guaranteed Interest Investment(s)*
- previous *Market Value Adjustments (MVA)* on the *Guaranteed Interest Investment(s)*

**Balance of the Policy** is the *Balance of the Guaranteed Interest Investment(s)* plus the *Cash Value of the Daily Interest Investment*.

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

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

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

**Daily Interest Investment** is an investment which pays variable daily interest.

**End date** is the date a *Guaranteed Interest Investment* ends.

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

**Market Value Adjustment (MVA)** is a reduction to the *Balance of a Guaranteed Interest Investment* on early termination or partial withdrawal. We determine the amount of the reduction based on:

- the time left until the *End Date* of the *Guaranteed Interest Investment*
- the interest rate at the time the investment was purchased
- the current interest rate
- expenses for the investment

**Maturity Date** is December 31<sup>st</sup> of the year you reach age 100. You may select an earlier date by providing us notice in a form acceptable to us.

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

**Premiums** are all payments or transfers paid into your Policy. This does not include any interest credited by us.

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

### Provisions applicable before the Maturity Date

#### **Premium limits**

You may pay *Premiums* at any time unless we notify you otherwise. *Premiums* are subject to minimum and maximum amounts determined by us. We reserve the right to close the Policy to new *Premiums*. If we decide to do this, we will notify you in advance.

#### **Daily interest investment**

We apply *Premiums* to the *Daily Interest Investment* unless you direct otherwise. The rate of interest is determined by us each day and is never less than 0.25%. Interest rates for the *Daily Interest Investment* are expressed as a rate per year compounded annually. Interest is calculated on the *Cash Value of the Daily Interest Investment* at the current interest rate and is added to the Policy at the end of each day.

#### **Guaranteed interest investment**

Subject to a minimum determined by us, we will on your request 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 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*.

Unless you direct otherwise, on the *End Date*, the *Balance of the Guaranteed Interest Investment* will be transferred to the *Daily Interest Investment*.

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

**Compound interest investment** - Interest rates are expressed as rates per year compounded annually and interest earned is maintained within the *Guaranteed Interest Investment*.

**Monthly interest investment** - Interest rates are expressed as rates per year compounded monthly. Each month the interest earned during the prior investment month will be transferred to the *Daily Interest Investment* unless otherwise directed by you in a form acceptable to us.

**Annual interest investment** - Interest rates are expressed as rates per year compounded annually. Each year on the investment anniversary, interest earned for the prior investment year will be 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 and maximum amounts and other administrative requirements set by us. No withdrawal may exceed the *Cash Value of the Policy*. All withdrawals will be taken from the investment you request. If no direction is provided, withdrawals will be taken from an investment within the Policy as determined by us at our discretion.

Withdrawals prior to the *End Date* of a *Guaranteed Interest Investment* may be charged an *MVA*. Amounts withdrawn from the *Daily Interest Investment* will not be charged an *MVA*.

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. An *MVA* may apply.

## Termination

At any time you may request payment of the *Cash Value of the Policy*. 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 benefit

If you die before the *Maturity Date* and your *Spouse* is the sole beneficiary, your *Spouse* has the option to either:

- receive the *Balance of the Policy* as of the date of death (less any applicable withholding tax), in a lump sum; or
- elect to continue the Policy as successor *Planholder* and exercise all rights, including the right to designate a beneficiary.

If your *Spouse* is not the sole beneficiary, the *Balance of the Policy* as of the date of death (less any applicable withholding tax), will be paid to your beneficiary(ies) or your estate if no beneficiary designation has been made. We require proof of the claim and the right to receive the benefit in a form acceptable to us.

## Provisions applicable on or after the *Maturity Date*

### Premiums

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

### Term certain annuity income benefit

If the policy is in force on the *Maturity Date* and you have not directed us otherwise in a form acceptable to us, the annuity payments as described below will begin. Once the annuity income benefit becomes payable, it cannot be altered, changed or cashed in.

The annuity income benefit is a 10 year term certain annuity payable to you by us and payments begin one month after the *Maturity Date*.

If the annuitant dies before 120 payments are made, the remainder of the 120 payments will be paid to the beneficiary(ies) as they become due. Alternatively the beneficiary(ies) may request that the present value of the remaining payments be paid in one sum, unless you direct otherwise. (The present value of the remaining payments is calculated with the interest rate being used by us on the date of death for a new term certain annuity, with the number of payments equal to those remaining at death.)

### Amount of term certain annuity payment

The *Cash Value of the Policy* at the *Maturity Date* is used to determine the amount of each annuity payment. We will apply the greater of our regular annuity rates for term certain annuities being issued by us on the *Maturity Date*, or a monthly income of \$8.50 per thousand dollars of *Cash Value of the Policy*.

If the annuity payment determined above would be less than a minimum determined by us, we reserve the right to terminate 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 TFSA you own. Any such transfer will result in a reduction of the remaining guaranteed payments as determined by us. No other transfers or alterations to the payments are permitted.

### Proof of survival

Proof of survival of the *Planholder* is required before payments begin. For payments made during the annuitant's lifetime, we may require proof that the annuitant is living on the date of the payment.

## General provisions

### Policy changes

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

### Claims

Any claim for the 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.

### Time limit for recovery of insurance money

Every action or proceeding against an insurer 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 the provincial or territorial legislation that applies to the policy.

### Notification

Any notices, requests, selections or directions may be mailed to: Sun Life Assurance Company of Canada, 227 King Street South, Waterloo, Ontario N2J 1R2. Your communication will be deemed to have been given on the day it is received by us. We will use your last known address in our records for any communication we mail to you.

### Currency

Canadian dollars.

### Participation

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

### Assignments

Subject to applicable legislation, the policy may be assigned. If the policy is assigned, written notice of the assignment must be sent to us. We assume no responsibility for the validity of any assignment.

## Complying with the Income Tax Act (Canada)

The policy is required to follow the provisions of the Income Tax Act. These include but are not limited to:

- Any amendment of the Plan must comply with the requirements of the Income Tax Act.
- The Plan shall be maintained for your exclusive benefit only, during your lifetime.
- During your lifetime 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.
- The Plan prohibits anyone other than you from making contributions to the Plan.
- If you have made an over-contribution which is subject to a penalty, you may withdraw any amount necessary to reduce the amount of tax payable.
- The arrangement provides that, at your direction we will 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 yours. Any transfer will be subject to the Withdrawals section of the Policy.