SunSpectrum Universal Life II
(joint last-to-die – cost of insurance to second death)

Policy number: LI-1234,567-8

Owner: Jim Doe

The following policy wording is provided solely for your convenience and reference. It is incomplete and reflects only some of the general provisions that may be found in some of our insurance policies. We periodically make changes to policy wording and therefore this incomplete sample may not duplicate the wording of any actual issued policy. It is not to be construed or interpreted in any manner as a contract or an offer to contract. The actual policy issued to any given client will govern that relationship.

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Policy summary

In this document, *you* and *your* mean the owner of this policy. *We, us*, *our,* and *the company* mean Sun Life Assurance Company of Canada.

Your policy is issued and underwritten by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies.

It's important that you read your entire policy carefully. It sets out the benefits payable and has exclusions and reductions of coverage. To help you understand insurance terms, refer to the explanations described under the heading, *Insurance terms*.

Plan:	**SunSpectrum Universal Life II**
Policy number:	LI-1234,567-9
Policy date:	January 1, 2017
Monthly anniversary day:	the 1st day of every month
Owner:	Jim Doe
	No contingent owner was named on your application. You must tell us in writing if you want to name a contingent owner.
Insured persons:	John Doe born on March 1, 1978 age nearest on the policy date: XX
	Mary Doe born on April 10, 1979 age nearest on the policy date: XX
Beneficiary:	is named on your application, unless you make a change in writing.
Withdrawal order:	Proportional order is used to process transfers and withdrawals, unless you make a change in writing to us.

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

Minimum first year payment for this policy
The minimum first year annual payment for this policy is $X,XXX.XX. The minimum payment is not guaranteed. If, for any investment account you choose, the interest is negative, or if you make any withdrawals, loans or changes to your policy, then additional payments may be required to keep your policy in effect.

Policy summary (continued)

SunSpectrum Universal Life II
Joint last-to-die basic insurance coverage - cost of insurance to second death

Insured persons:	John Doe Mary Doe
Death benefit type:	Insurance amount plus policy fund
Insurance amount:	$X,XXX,XXX A death benefit is payable when both of the insured persons have died, as described later.
Cost of insurance type:	Guaranteed yearly renewable term rates to age 100
Joint age:	XX

Schedule of guaranteed annual cost of insurance rates

Each monthly anniversary day, we deduct money from the policy fund to pay the cost of insurance for this policy. The calculation for monthly cost of insurance is described under the heading, *Calculating the monthly cost of insurance.*

The cost of insurance, for the joint last-to-die basic insurance in effect on the policy date, is payable until the earlier of January 1, XXXX or the date the last insured person dies.

The schedule shows the guaranteed annual rate per $1,000 of insurance.

If any insurance amounts increase, the rates in the schedule below do not apply to the amount of the increase. We determine the cost of insurance rates for the amount of the increase, as described later.

(1) Basic insurance

Beginning on	(1)
1 Jan XXXX	XXX.XX
1 Jan XXXX	XXX.XX
1 Jan XXXX	XXX.XX

E15000A
Section 1: Insurance provisions

E14000A
If you change your mind within 10 days

You may send us a written request to cancel your policy within:
- 10 days of receiving it from us, or
- 60 days after the policy is issued, whichever date is earlier.

You are considered to have received your policy 5 days after it's mailed from our office, or on the date your advisor delivers it to you.

When we receive your written request we'll refund any amount paid. This is called rescission.

Your decision to cancel your policy is your personal right. When we receive your request to cancel it, all of our obligations and liabilities under this policy end immediately. The cancellation is binding on you and any person entitled to make a claim under this policy, whether their entitlement is revocable or irrevocable.

To cancel your policy, send your request in writing to:
Sun Life Assurance Company of Canada
227 King Street South
PO Box 1601, Stn. Waterloo
Waterloo ON Canada N2J 4C5

E14005A
Contesting the policy

The incontestability provisions set out in the provincial or territorial insurance legislation applicable to this policy apply.

Limit on contesting
We cannot challenge the validity of the policy after it has been in effect continuously for two years from the later of the date it took effect and the date it was last reinstated. If the policy is amended to increase or change a benefit or improve a rating, we cannot challenge the validity of the amendment after it has been in effect continuously for two years from the later of the date the amendment took effect and the date the policy was last reinstated.

Exception to the limit on contesting
We can challenge the validity of the policy or an amendment at any time in cases of fraud or cases involving a disability benefit.

E15010A

About your policy

SunSpectrum Universal Life II is a flexible payment permanent life insurance policy. It includes insurance benefits you selected on one or more persons. It has a policy fund which includes the activity account and the investment accounts.

Payments must be made to Sun Life Assurance Company of Canada to keep your policy in effect and are subject to a minimum and maximum limit that we determine. We have the right to refuse cash payments.

Any payment we receive at our head office before the Toronto Stock Exchange is closed for the day is applied to your policy effective that day. Any payment we receive at our head office after the Toronto Stock Exchange is closed is applied to your policy effective on the following business day.

Any request for a transfer, withdrawal, policy loan or policy cancellation that we receive at our head office before the Toronto Stock Exchange is closed for the day, is effective that day but processed the following business day. If money is moved to or from an investment account, we may delay the effective date of the transaction for up to 5 business days from the day we receive your request or the day we receive funds.

Payments we receive are held in our general fund. When you invest in any managed investment account you do not:

- acquire any ownership interest in a specific fund
- purchase units, or
- have any legal interest in any security.

E15020A

Death benefit type

Insurance amount plus policy fund

The death benefit for the basic insurance coverage in this policy is:

- the insurance amount for the basic insurance coverage
- **plus** the policy fund value
- **minus** the amount of any outstanding policy loans, including interest.

E15030A

Paying for your policy

When we receive a payment, money is added to the activity account as long as the total of the payments made during the policy year is below the annual maximum amount for that year to keep the policy tax-exempt. We deduct an amount for premium tax from the amount that is added to the activity account. The amount we deduct for this policy is 2% and is guaranteed to never change.

The activity account earns daily interest at the rate we set. The interest rate is subject to change at any time. The guaranteed minimum interest rate will be at least 90% of the Government of Canada 30-day Treasury Bill rate in effect on the day we set the interest rate, less a management fee of 1.75 percentage points. Under no circumstances will the rate be less than 0%.

E15040A

Monthly deductions from the policy fund

Each monthly anniversary day, we deduct money from the activity account to pay for the cost of insurance for the basic insurance coverage and any optional benefits. If there is not enough money in the activity account to pay for the cost of insurance, we will transfer money from your investment accounts according to the withdrawal order you selected, as shown on the *Policy summary*. You may change your withdrawal order at any time. A transaction fee may apply.

Proportional withdrawal order

Proportional order means we transfer money in proportion to the value of your investment accounts on the day of the transfer. If there is not enough money in the activity account and investment accounts, we will transfer money from the service account to pay for the cost of insurance.

For Alternate withdrawal order 1 or 2, if there is insufficient money in the first account, we will take money from the next account until the cost of insurance has been paid.

Alternate withdrawal order 1

- daily interest account (DIA)
- accounts based on the performance of managed funds in proportion to the balance of each of those accounts
- guaranteed interest accounts (GIAs) and, if necessary,
- from the service account.

Alternate withdrawal order 2

- daily interest account (DIA)
- guaranteed interest accounts (GIAs)
- accounts based on the performance of managed funds in proportion to the balance of each of those accounts and, if necessary,
- from the service account.

For all of the withdrawal orders described above, if we transfer money from a GIA layer to pay the cost of insurance, there is no market value adjustment. Money will be taken from the GIA layer closest to maturity and interest will be credited up to the date of the transfer.

If you have money in an account based on the performance of managed funds, and the rate of return negatively impacts your policy fund value, then you may need to make additional payments to ensure there is enough money in the policy fund to pay the required cost of insurance and premium tax.

E15055A

Calculating the monthly cost of insurance

The monthly cost of insurance is determined by a number of factors such as an insured person's age, sex, smoking status and health.

The guaranteed annual cost of insurance rates for the basic insurance coverage and any optional benefits in effect on the policy date are shown on the *Schedule of guaranteed annual cost of insurance rates*. If the insurance amount for the basic insurance coverage increases, the rates in effect on the date the change is made apply to the increase.

Different rates apply to the annual increases in the insurance amount for the basic insurance coverage when the tax-exempt status maintenance method you selected is increase and reverse, as described later. The rates that apply are based on:

- yearly renewable term rates payable to age 100 in effect on the date of each increase, and
- the attained age of the insured person (or attained joint age) on the date of the increase.

You must tell us
For joint last-to-die basic insurance coverage, when the cost of insurance only has to be paid until the first death, we continue deducting it until you tell us one of the insured persons has died. On the date you tell us, we stop deducting the cost of insurance for the basic insurance coverage that was in effect on the policy date. But we will continue deducting the cost of insurance for any insurance coverage increases made annually to keep your policy tax-exempt. These annual increases have yearly renewable term rates that are payable to age 100.

Basic insurance – cost of insurance

The monthly cost of insurance for the basic insurance coverage is:

$$\frac{(A \times B)}{12}$$

where:
A = the annual cost of insurance per $1,000 of insurance amount
B = the insurance amount, divided by 1,000.

Total disability waiver benefit – cost of insurance

The monthly cost of insurance for the *Total disability waiver benefit,* if included in this policy, is:

$$\frac{(A \times B)}{12}$$

where:
A = the annual cost of insurance per $100 of the costs in B for the insured person with this benefit
B = the sum of the annual cost of insurance for the following:

- the basic insurance coverage
- any optional benefits for the insured person with this benefit, excluding the cost for this benefit, and
- any *Term insurance benefit for the additional insured person* linked to this insured person, if shown on the *Policy summary*.

This sum is then divided by 100.

Owner waiver benefits – cost of insurance

The monthly cost of insurance for the *Owner waiver disability waiver benefit* and *Owner waiver death benefit,* if included in this policy, is:

$$\frac{(A \times B)}{12}$$

where:
A = the annual cost of insurance per $100 of the costs in B for this policy
B = the total annual cost of insurance for this policy, excluding the cost for this benefit, divided by 100.

Other optional benefits – cost of insurance

The monthly cost of insurance for optional benefits, excluding the *Total disability waiver benefit, Owner waiver disability benefit* and *Owner waiver death benefit*, if included in this policy, is:

$$\frac{(A \times B)}{12}$$

where:
A = the annual cost of insurance per $1,000 of insurance amount or option amount for the benefit
B = the insurance amount or option amount for the benefit, divided by 1,000.

E15065A

Paying a death benefit – insured person's death

When a death benefit is payable, we pay the named beneficiary for the insured person's insurance coverage. The amount we pay is determined as of the date the insured person died.

We also pay the beneficiary an amount equal to any cost of insurance deducted after the date the insured person died.

If there is a basic insurance coverage on one insured person, that coverage ends when the insured person for that coverage dies.

If there is a joint first-to-die basic insurance coverage, that coverage ends when one of the insured persons for that joint coverage dies.

If there is a joint last-to-die basic insurance coverage, that coverage ends when both the insured persons for that joint coverage have died.

This policy ends on the date the basic insurance coverage in this policy ends. If there is any amount in the service account on the date the insured person(s) for the basic insurance coverage die(s), we pay it to the beneficiary who receives the death benefit.

When we will not pay (exclusions)

We will not pay a death benefit if the insured person dies before reaching the age of 15 days.

For the basic insurance coverage, we will not pay the death benefit* if any insured person for that coverage takes their own life, regardless of whether the insured person has a mental illness or understands or intends the consequences of their action(s), within 2 years of the later of:

- the most recent date an application for basic insurance coverage on that person was signed
- the policy date, shown on the *Policy summary*
- the effective date of the insurance, if you added it after the policy date, or
- the most recent date your policy was put back into effect, if it has been reinstated.

When we don't pay the death benefit, the basic insurance coverage ends and instead we pay the beneficiary:

- the policy fund value as of the date the insured person died
- **plus** the total cost of insurance we deducted for that insured person's insurance
- **minus** the amount of any outstanding policy loans, including interest.

If the policy has been put back into effect, we'll refund only the cost of insurance that was deducted for that insured person since the most recent date the policy was reinstated.

If an insured person takes their own life, regardless of whether the insured person has a mental illness or understands or intends the consequences of their action(s), within 2 years of any increase in their basic insurance coverage that you applied for, we will not pay the amount of the increase. Instead, if the basic insurance coverage has been continuously in effect for at least 2 years on the date the insured person dies, we will pay the following amount to the named beneficiary:

- the death benefit we would have paid before the increase
- **plus** the policy fund value as of the date the insured person died
- **plus** an amount equal to the cost of insurance deducted for the increase in the basic insurance death benefit
- **minus** the amount of any outstanding policy loans, including interest.

If you replaced insurance that was issued by us
*If any insurance in this policy is the result of replacing insurance that we issued, we determine the death benefit payable for the part that is replacing insurance, based on the effective date of your previous insurance.

Making a claim for the death benefit

To make a claim, contact us at the toll free phone number shown at the beginning of this policy. We will then send the appropriate form to be completed. The person making the claim must complete the form and give us the information we need to assess the claim, including proof that the insured person died while their coverage was in effect.

Physicians may charge a fee to complete certain forms. The person making the claim is responsible for any fee.

Before we pay a death benefit, we must verify the insured person's date of birth. If the date of birth on the application is incorrect, we'll adjust the death benefit to the amount that would have been payable based on the cost of insurance deducted and the correct date of birth.

If more than one of the insured persons die in circumstances where it's uncertain which person survived the other, we determine the oldest person died first.

E15085A

Section 2: Investment provisions

E15095A

Policy fund value

Your policy fund value is the total amount in the activity account plus the total of your investment accounts.

We will limit the amount of money you may have in your policy fund, based on the tax-exempt limit. This is described later in your policy under the heading, *Maintaining the tax-exempt status of your policy*.

You may make withdrawals from your policy fund. This is explained later under the heading, *Withdrawing money from your policy*.

You may borrow money from your policy. This is explained later under the heading, *Borrowing money from your policy (policy loans)*.

In addition, we may deduct transaction fees from your policy fund. These are explained later in your policy under the heading, *Transaction fees*.

E15105A

Investment accounts

Several investment accounts are included in your policy: daily interest account (DIA), guaranteed interest accounts (GIAs) and accounts based on the performance of managed funds. Your investment mix is the investment accounts and the percentages you selected for those accounts. You may change the accounts or percentages or both at any time by sending us your written request. We may charge a transaction fee.

Each of your investment accounts must have a minimum amount of $100. All subsequent payments and transfers to each account must also be at least $100.

Transfers to your investment accounts

Provided the cost of insurance has been paid, money will be transferred from the activity account after the minimum amount for all selected accounts is met, according to your investment mix. Transfers are also processed on a monthly anniversary day if the minimum amount for all accounts is met.

Example: assume the investment mix is Sun Life Managed Account A 10% and Sun Life Managed Account B 90%

- A minimum of $1,000 must be in the activity account to meet the minimum required amount for this investment mix before a transfer can be made to the two selected investment accounts.
- Once $1,000 is in the activity account, then $100 (10% of $1,000) will be transferred to the Sun Life Managed Account A account and $900 (90% of $1,000) will be transferred to the Sun Life Managed Account B account.
- If $990 was in the activity account, money would not be transferred from the activity account to the selected accounts. With the investment mix of Sun Life Managed Account A 10% and Sun Life Managed Account B 90%, there is only $99 (10% of $990) available to be transferred to the Sun Life Managed Account A account and that does not meet the minimum requirement of $100 for all selected accounts.

Daily interest account (DIA)
This account earns daily interest at the rate we determine. The interest rate is subject to change at any time. The guaranteed minimum interest rate will be at least 90% of the Government of Canada 30-day Treasury Bill rate in effect on the day we set the interest rate, less a management fee of 1.75 percentage points. Under no circumstances will the rate be less than 0%.

Guaranteed interest accounts (GIAs)
Guaranteed interest accounts are available in terms of 1, 3, 5 and 10 years. Each time money is transferred to a GIA, we establish a new layer for that amount with a specific maturity date and interest rate. The interest rate remains in effect for the full term of that account and interest is credited daily. Interest is compounded annually.

For each GIA, the guaranteed minimum interest rate will be at least 90% of the Government of Canada Bond rate with the same term, less a management fee of 1.75 percentage points. Under no circumstances will the rate for any GIA account be less than 0%.

If Government of Canada Bonds with the same term are not available, we will use our best estimate to determine what the rate would be if a bond with the same term were available.

When a GIA layer matures, we follow the selection you made on your application to either:
- apply the balance of the GIA layer to a new GIA account for the same term, or
- transfer the value including interest at the maturity date to the activity account. Money will be transferred from the activity account after the $100 minimum amount for all your investment accounts is met according to your investment mix.

You may change your selection at any time.

We may change GIA accounts available to you at any time. If you have money in a discontinued account we'll tell you in advance. If you do not reply within the time specified in the notice, we will continue to follow your investment instructions except that money that would otherwise be transferred to a discontinued GIA account will be transferred to a GIA account with the next shortest term. We will always offer a GIA account with a 0% guaranteed minimum interest rate.

Accounts based on the performance of managed funds
The accounts offer returns based on the performance of designated funds managed by a fund manager that we select. Account balances will be adjusted daily. Each daily adjustment may increase or decrease the balance of the account, depending on the rate of return.

When you invest in any managed investment account you do not:
- acquire any ownership interest in a specific fund
- purchase units, or
- have any legal interest in any security.

We may change, merge, or withdraw accounts at any time. If we change or merge accounts in which you have a balance, we will tell you in advance and provide information about other accounts that are available.

If we withdraw an account in which you have a balance, we will transfer the balance for that account to another account with similar investment objectives and tell you in advance. If there are no accounts with similar investment objectives, a transfer will be made to the activity account. If money is transferred to the activity account and the $100 minimum amount is met for all remaining selected accounts, the money will then be transferred according to your investment mix.

The daily rate of return for this account on a business day is:

- the Canadian dollar rate of return on the designated fund, which reflects the fund manager's expenses and fund distributions
- **minus**, if applicable, an additional annual management fee we charge, divided by the number of expected business days within the calendar year. This additional management fee may change from time to time.

The rate of return is not guaranteed and may be positive or negative. We have the right to revise or correct any rate of return that was based on incorrect information provided by the fund manager.

On a day other than a business day, the daily rate of return is 0%.

E15110A

Investment bonus

On the tenth policy anniversary and each anniversary after that, we pay you an investment bonus. Any investment bonus payable on the policy anniversary is added to the activity account and then transferred as described in the *Investment provisions* section.

The investment bonus is 0.25% of (the *average policy fund* value for the previous policy year **minus** the *average policy loan* amount for the previous policy year, including interest).

The *average policy fund* value for the previous policy year is the total of the *monthly average policy fund* values in the 12 months before the policy anniversary, divided by 12.

Each *monthly average policy fund* value is the total of the policy fund values on the current and prior monthly anniversary day, divided by 2.

The *average policy loan* amount for the previous policy year is the total of the *monthly average policy loan* amounts in the 12 months before the policy anniversary, divided by 12.

Each *monthly average policy loan* amount is the total of the policy loan amounts on the current and prior monthly anniversary day, divided by 2.

E15120A

Maintaining the tax-exempt status of your policy

According to current Canadian tax law, the money in your policy fund is not taxed if your policy passes the tax-exempt limit test and the money remains in your policy fund. The tax-exempt limit changes annually on the policy anniversary.

If a payment would cause your policy to fail the tax-exempt limit test, we will transfer the excess amount of that payment directly to the service account. Premium tax is not deducted from excess amounts transferred to the service account.

At each policy anniversary, if your policy fails the tax-exempt limit test, we make an adjustment to your policy, according to the method you selected, which is one of the following:

- **retain** the amount of the basic insurance coverage, or
- **increase and reverse:** increase the basic insurance amount by the percentage required. The maximum increase is 8% of the cumulative basic insurance amount. We reverse these increases at each future policy anniversary as long as the policy will not lose its exempt status.

The total of the insurance amounts for all basic insurance coverages can never be more than 3 times the total insurance amount for the basic insurance coverage on the policy date and any other increases to the basic insurance coverage that you requested and we approved.

Any excess funds remaining in the policy fund at the policy anniversary date will be transferred to the service account. We withdraw these excess funds from the activity account first, then from the investment accounts, according to your withdrawal order.

When an insurance amount is increased, we establish a new basic insurance coverage for the amount of the increase. The cost of insurance rates that apply to the annual increases are based on:

- yearly renewable term rates payable to age 100 in effect on the date of each increase, and
- the attained age of the insured person (or attained joint age) on the date of the increase.

At each policy anniversary, we will also determine if any money can be transferred from the service account to the policy fund, and still have the policy pass the tax-exempt limit test. This minimizes the tax you pay on the service account. Premium tax is deducted from the amount transferred from the service account to the activity account.

If Canadian tax law changes, we may limit or disallow any transactions or policy changes that affect your policy's tax-exempt status.

Service account

This account earns interest according to the investment option you selected for the service account. Interest earned on the service account is taxable. We may set a maximum amount you may have in the service account.

The service account is not part of the policy fund value.

Market value adjustment (MVA) for guaranteed interest accounts

There is no MVA when money is transferred from:

- any investment account to the activity account to pay for the cost of insurance
- any investment account to the service account, or
- the service account to the activity account.

We may deduct an MVA when you:

- withdraw money from this policy, or
- transfer money between investment accounts.

For these transactions, we deduct an MVA if:

- money is withdrawn or transferred from a GIA layer before it matures, and
- the current interest rate for a new GIA layer with the same term is greater than the interest rate of the existing GIA layer.

Guaranteed interest account (GIA)

The MVA = W × { 1 - the lesser of 1 and [$(1 + J)^D \div (1 + K)^D$] }

where:
W = amount withdrawn or transferred from the GIA layer
D = number of days to maturity in the existing GIA layer, divided by 365
J = interest rate for the existing GIA layer, excluding any investment bonus
K = current interest rate for a new GIA layer with the same term as the existing GIA.

Withdrawing money from your policy

You may withdraw money from your policy at any time. The minimum withdrawal amount is $250. We may charge a transaction fee for withdrawals.

Unless you tell us otherwise, we withdraw money from the service account, then from the activity account and then, if necessary, from your investment accounts according to your withdrawal order. When money is withdrawn from a GIA, it will be taken from the layer closest to maturity. Any withdrawal from GIAs may be subject to a market value adjustment.

The maximum amount you may withdraw is:

- the current cash surrender value
- **minus** an amount equal to the previous month's cost of insurance deductions for basic insurance and any optional benefits, multiplied by 12.

The cash surrender value is:

- the policy fund value
- **minus** any outstanding policy loans, including interest
- **minus** any market value adjustment that applies to GIAs
- **plus** any amount in the service account.

You may have to pay tax on withdrawals from your policy fund.

A withdrawal from your policy will reduce the death benefit that is payable by the amount of the withdrawal.

E15135A

Borrowing money from your policy (policy loans)

After the first policy year, you may borrow money from your policy fund. The minimum amount you may borrow is $250. We may charge a transaction fee. We charge interest on any loan.

The maximum amount you may borrow is:

$\{75\% \times (A - B)\} - C - \{D \times (1 + E)\}$

where:
A = the policy fund value
B = any market value adjustment that applies to GIAs
C = cost of insurance deductions for basic insurance and any optional benefits for the previous month, multiplied by 12
D = any outstanding policy loans, including interest
E = the current loan interest rate, divided by 100.

We charge interest on the loan each day. The interest is compounded annually. This means the interest accumulates and we add it to the balance of the loan at the end of the policy year. We set the interest rate on the date the loan is taken and tell you the interest rate charged on the loan. At each policy anniversary, we change the interest rate to the rate we would charge on new loans on your policy on that date, whether a new loan is taken or not.

If the amount of your policy loan, including interest, becomes greater than your policy fund, your policy will end 31 days later unless we receive a payment within that period to keep your policy in effect. We set the minimum amount of this payment.

You may repay your policy loan at any time.

If a loan is outstanding at the time a death benefit is payable, the amount of the loan plus interest will be deducted from the amount we pay to the beneficiary.

E15145A

Accessing the policy fund when disabled, ill or injured

You may make one withdrawal from your policy fund each time an insured person becomes disabled, ill or injured as defined below. The minimum and maximum amount you may withdraw is described under the heading, *The amount you may withdraw.* You may make this withdrawal without incurring a taxable disposition, based on tax rules in effect as of the policy date. The tax rules may change at any time, without notice. The tax rules in effect on the date you request a withdrawal will apply.

Qualifying to make a withdrawal from your policy fund

Each disability must continue for at least 60 consecutive days. To be considered disabled in any of the four categories of disability (occupationally disabled, critically disabled due to illness or injury, critically disabled due to deteriorated mental ability and critically disabled - terminal illness) set out below, the insured person must be:

- under the active, continuous and medically appropriate care of a physician, or other health care practitioner acceptable to us
- following the treatment prescribed and any other recommendations made by a physician or health care practitioner, and
- occupationally disabled or critically disabled as defined below.

Occupationally disabled

To be considered occupationally disabled under this provision, the insured person must, as a result of illness or injury, qualify under one of the following:

Disabled while employed

- if the insured person is unable to perform the essential duties of their own occupation, and is not earning money or profiting from any occupation, or
- if the insured person is earning money or profiting from an occupation but they have experienced a loss of income of at least 50% over 60 consecutive days compared to the earned income from their own occupation during the 60 days immediately before the day they became disabled.

Disabled while unemployed or retired

- if the insured person is unemployed or retired on the date they become disabled, the insured person is unable to perform the essential duties of their last regular occupation.

Disabled while employed in the home

- if the insured person is responsible for maintaining their home or caring for immediate family members, the insured person is unable to perform all of the essential duties of maintaining that home or caring for those individuals.

Disabled while a student

If the insured person is a student on the date they become disabled and their attained age is 18 or older on that date, and they are unable to:

- attend or participate as a student in an education program, or
- perform any occupation for earnings or profit within their education, training or experience.

If the insured person's attained age is less than 18, we consider them to be disabled if, as a result of illness or injury, they require the presence of an adult attendee in order to participate in an education program.

Critically disabled - due to illness or injury

Critically disabled means the insured person, as a result of illness or injury, is unable to perform one or more of the activities described below. The activities are:

Bathing

Bathing means washing oneself:

- in a bathtub or shower, including getting in and out of the bathtub or shower, or
- by sponge bath.

Dressing

Dressing means putting on, taking off, fastening and unfastening:

- clothing, and
- medically necessary braces or artificial limbs.

An insured person is not dependent for dressing if reasonable alterations to or changes in the clothing they usually wear would enable them to dress without substantial physical assistance.

Feeding

Feeding means the insured person's ability to get food into their body:

- through the mouth, or
- by a feeding tube.

Feeding does not include cooking or preparing a meal.

Toileting
Toileting means getting to and from and on and off the toilet, and performing associated personal hygiene.

Transferring
Transferring means moving into or out of a bed, chair or wheelchair. This does not include getting into or out of the bathtub or shower, as we include this in bathing.

Continence
Continence means the ability to control both bowel and bladder functions, or maintain a reasonable level of personal hygiene (including caring for catheter or colostomy bag) when not able to control either bowel or bladder functions or both.

Critically disabled - due to deteriorated mental ability
We consider the insured person critically disabled if they have deteriorated mental ability and need constant supervision by another person for protection from threats to their physical health and safety as the result of deterioration in or a loss of:
- short-term or long-term memory
- orientation as it relates to people, place and time
- reasoning, or
- judgment, as it relates to safety awareness.

Deteriorated mental ability must result from an organic brain disorder such as Alzheimer's disease, irreversible dementia, or brain injury. Deteriorated mental ability is also known as cognitive impairment. Deteriorated mental ability is determined by a neurologist licensed and practising in Canada or the United States, based on:
- clinical examination
- radiological studies, and
- psychological testing.

Critically disabled - terminal illness
We consider the insured person critically disabled if they have a condition which has been diagnosed as terminal by a physician, and the life expectancy is less than 24 months.

The amount you may withdraw
The maximum amount you may withdraw from your policy fund is:
- the policy fund value
- **minus** the amount of any outstanding policy loans, including interest
- **minus** any market value adjustment that applies to GIAs
- **minus** an amount equal to the cost of insurance for the next 12 months
- **minus** a claim assessment fee.

The minimum amount you may withdraw is $500.

The company will credit interest up to the date of withdrawal.

Unless you tell us otherwise, we withdraw money from the activity account and then, if necessary, from your investment accounts according to your withdrawal order. When money is withdrawn from a GIA, it will be taken from the layer closest to maturity.

The total death benefit will be reduced by the amount of your withdrawal.

Making a claim for this benefit

To make a claim for this benefit, contact us at the toll free phone number shown at the beginning of this policy for the appropriate form. You must pay a claim assessment fee each time you submit a claim to access your policy fund when disabled.

You may not make any withdrawal under this provision if:

- we rated the insured person as a substandard risk for medical reasons and they continue to be rated on the date they become disabled, or
- this policy came into effect as the result of a conversion from another life insurance policy while the insured person was disabled.

Before we approve the claim, the insured person's date of birth must be verified.

If the insured person is disabled when you make a claim for this benefit, we must receive proof of their disability after it continued for more than 60 consecutive days.

If the insured person is no longer disabled when you make a claim for this benefit, we must receive proof:

- that the disability continued for more than 60 consecutive days, and
- of the disability within 1 year of the date the insured person is no longer disabled.

In addition to the claim assessment fee, you must pay any cost associated with providing proof of disability.

We may also require the insured person to authorize us to gather and use additional information from other insurers or government agencies.

When you do not qualify for this benefit (exclusions and limitations)

You do not qualify for this benefit if the disability is directly or indirectly caused by or associated with the insured person committing or attempting to commit a criminal offence.

E15150A

Section 3: General provisions

E15160A

When your policy will end due to lapse

Your policy will end 31 days after a monthly anniversary day if on that day the policy fund value, minus any outstanding loans including interest, is not enough to pay the cost of insurance for the next month.

If your policy ends this way, it has lapsed.

To prevent your policy from ending we must receive the required payment before the end of the 31st day. We will tell you the amount you are required to pay to keep the policy from ending.

Putting your policy back into effect

We will not put this policy back into effect if you cancelled it. If your policy ended because it lapsed, you may apply to put it back into effect if all the persons insured under the basic insurance coverage are alive on the date the policy lapses. This process is called reinstatement.

If you want to put your policy back into effect, you must:
- apply within 2 years of the date the policy ended
- give us new evidence of insurability that we consider satisfactory for all of the insured persons
- give us a payment, equal to:
    - the cost of insurance, including interest, owing from the date the policy ended up to the date it is reinstated
    - the monthly cost of insurance on the date of reinstatement multiplied by 2 if you pay monthly or multiplied by 12 if you pay annually, and
    - any applicable premium tax.

We will tell you when we approve your application to reinstate your policy. If we don't approve your application, we'll refund the amount you paid when you applied.

Reinstating while disabled
We will not put this policy back into effect if you cancelled it. If an *Owner waiver disability benefit or Total disability waiver benefit* is included and your policy lapsed while you or an insured person is disabled, you may apply to put this policy back into effect, without giving us new evidence of insurability.

The conditions that must exist for us to consider your application are:
1. The policy must have ended by lapse before a claim was made for the disability benefit or after a claim was made but before we completed our claim assessment
2. You must apply within 1 year of the date the policy ended by lapse
3. The disabled person must have been disabled when the policy lapsed and their disability continued for at least 6 consecutive months
4. You must apply before the end date of the disability benefit on the insured person shown on the *Policy summary*
5. You must give us proof, that we consider satisfactory, of the disability and the length of time the insured person was disabled, and

6. All persons insured under the basic insurance coverage must be alive when you apply and continue to be alive on the date we reinstate your policy.

Transaction fees

We do not charge a fee for the first four policy transactions or policy changes, in each policy year. We may charge a fee for additional policy transactions and policy changes. If we charge a fee, it will never be more than $50.

E15175A

Applying for changes to your policy

You may apply for certain changes to your policy. A transaction fee may apply. Your application must be in a form acceptable to us and satisfy our administrative rules.

Insurance amount decreases

You may decrease the amount of a basic insurance coverage, but not below the minimum amount we determine.

We first reduce the most recent increases to the insurance amount that resulted from maintaining your tax-exempt status.

If required, we then reduce the remaining insurance amount for the basic insurance coverage.

Changing the withdrawal order

You may change the withdrawal order at any time.

E15190A

Your right to change this policy to reduced paid-up life insurance

You may apply to change your policy to reduced paid-up life insurance between:

- the policy anniversaries nearest the insured person's 70^{th} and 100^{th} birthdays, for a single life basic insurance coverage, or
- the policy anniversaries nearest joint ages 70 and 100, for a joint basic insurance coverage.

If we approve your application, we change your policy to reduced paid-up life insurance on the date we receive your written request or on any later date you indicate in your request.

The amount of your reduced paid-up insurance depends on the insured person's age on the date you apply. On the policy anniversary nearest the insured person's 70^{th} birthday (or joint age 70), the total available reduced paid-up death benefit amount is equal to 40% of this policy's insurance amount on the date you request the change. For each year you wait to apply, the amount available increases by 2% on each policy anniversary, up to and including the policy anniversary nearest the insured person's 100^{th} birthday (or joint age 100). When we determine the insurance amount, we do not include any increases made to keep your policy tax-exempt.

For example, if you apply for reduced paid-up insurance on the policy anniversary nearest the insured person's 75^{th} birthday and your basic insurance amount is $100,000, then the insurance amount will be reduced to a level amount of $50,000.

On the date your policy is changed to reduced paid-up life insurance:

- the cost of insurance deductions from your policy fund will stop
- any increases to the insurance amount that resulted from maintaining your policy's tax-exempt status are cancelled
- any optional benefits end, and
- any policy fund value, minus the amount of any outstanding policy loans, including interest, is transferred to the service account, and you may have to pay tax on the amount transferred.

You cannot make any changes to the insurance amount after your policy is changed to reduced paid-up insurance. We will not accept any additional payments.

E15200A

Your right to cancel this policy

You may cancel your policy at any time. Your decision to cancel your policy is your personal right. The cancellation is binding on you and any person entitled to make a claim under this policy, whether their entitlement is revocable or irrevocable.

All of our obligations and liabilities under this policy end immediately on the date we receive your request to cancel your policy or on any later date you indicate in your request.

To cancel your policy, send your request in writing to:
Sun Life Assurance Company of Canada
227 King Street South
PO Box 1601, Stn. Waterloo
Waterloo ON Canada N2J 4C5

If you apply to cancel your policy within the first 10 days of receiving it from us, we will treat this as a rescission. This is described under the heading, *If you change your mind within 10 days.*

Cash surrender value

If you cancel your policy after the 10th day of receiving it from us, we'll pay the cash surrender value to you. The amount we pay is:

- the policy fund value
- **minus** any market value adjustment that applies to GIAs
- **minus** the amount of any outstanding policy loans, including interest
- **plus** any amount in the service account.

The amount we pay is determined on the business day following the day we receive your request or any later date you indicate.

E14065A

Other information about your policy

Information about our contract with you

Once your policy is in effect, the following documents make up our entire contract with you:

- your application for insurance, including any evidence of insurability, and
- this policy, including any amendments.

All of our obligations to you are contained in the documents described above. Any other document or oral statement does not form part of this contract. This policy or any part of this policy may not be amended or waived except by a written amendment signed by two authorized signing officers of the company.

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 this policy.

Currency of this policy

All amounts of money referred to in this policy are in Canadian dollars.

Transferring your policy (assignment)

You may be able to transfer your rights under this policy to someone else by assigning the policy. We are not responsible for ensuring that the assignment of your policy is legally valid. If you transfer this policy, send a notice of the assignment to:

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

Non-recourse premium financing

If you assign this policy at any time, either under a collateral assignment or absolute assignment, or grant a hypothec on it under a deed of hypothec for the purposes of non-recourse premium financing or another similar financing structure, we may void the policy. If we void the policy, all our obligations end effective on the date you assigned or granted a hypothec on it. No benefit is payable, and we have the right to keep all premiums paid.

Non-recourse premium financing is an arrangement where an entity enters into a lending agreement with a policy owner where the entity (lender) agrees to pay the premiums for the policy directly to the insurer. The policy owner collaterally assigns the policy to the lender or grants a hypothec on it as security for the loan. The loan agreement typically provides that the loan is repaid when the insured person dies. The arrangement is called non-recourse because the lender cannot sue the policy owner if the loan is not repaid.

E15215A

Insurance terms

The following explanations describe insurance terms that may or may not apply to this policy.

Age

Age means a person's age on their birthday nearest to a particular date. This is known as age nearest. For example, a person's age at the policy date means their age on their birthday nearest to the policy date. A person's age at any date after the policy date is their age on their birthday nearest to that date and is known as their attained age.

Joint age

For a joint basic insurance coverage, we use a single age to determine the cost of insurance for that coverage. We call this the joint age and it's shown on the *Policy summary.* We calculate the joint age on the date the insurance takes effect using the smoking status, sex and age of each of the persons insured for the joint basic insurance coverage.

Attained joint age is the joint age plus the number of years from the effective date of the joint basic insurance coverage to the nearest policy anniversary date.

Beneficiary

The person or persons you name in writing to receive a death benefit.

Business day

For the purposes of this policy, a business day is a day when our administrative offices are open for business and the Toronto Stock Exchange (or other stock exchange or securities market that we may designate) is open for business.

Contingent owner

The person or persons you name in writing to take ownership of this policy if you die before the date this policy ends.

What happens if no contingent owner is named when a policy owner dies?

- If there is only one policy owner on the date of death, then the policy owner's estate becomes the new policy owner.
- If there are two or more policy owners on the date of death, then the deceased policy owner's estate along with the surviving policy owner(s) own the policy.

Evidence of insurability

This may include medical, financial, lifestyle, tobacco usage and family medical history information and other personal history information needed to approve an application for life insurance.

Optional benefits

Optional benefits may be available in addition to basic insurance coverage. An example of an optional benefit is the Total disability waiver benefit.

Policy date

This is the start date of your insurance policy. This date is shown on the *Policy summary*.

Monthly anniversary day

This is the day each month on which policy transactions described in this policy may be processed. This date is shown on the *Policy summary*.

Policy anniversary

The month and day every year that is the same as your policy date.

Policy year

The 12-month period that runs from one policy anniversary to the next policy anniversary.

Policy transaction

Examples of policy transactions are withdrawals, policy loans and transfers of money between accounts.

Permanent insurance
A type of insurance that provides protection for the insured person's entire lifetime.