

LIFE INSURANCE

# SunUniversalLife II

## ADVISOR GUIDE

### What's inside

Benefits for Clients

Product at a glance

Product details

Optional benefits

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## Important information about this guide

The information in this guide has been prepared for advisor use only. This guide is intended to provide you with an overview of SunUniversalLife II. You should also read the sample SunUniversalLife II policy on the Sun Life advisor website for more details.

This guide doesn't provide tax, legal, accounting or other professional advice. We suggest you advise Clients to seek the advice of a tax professional when making decisions. It's the policy owner's responsibility to determine the tax consequences under relevant tax legislation. Any tax information provided in this advisor guide is based on the provisions of the Income Tax Act (Canada) and the regulations as of the date of this guide. In addition, this information is based on Sun Life's current understanding and interpretation of the rules and the administrative practices of the Canada Revenue Agency (CRA).

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## Overview

SunUniversalLife II combines permanent life insurance coverage with a diversified range of investment account options that allow personal and business Clients to meet their protection and savings needs. The wide variety of optional benefits allows Clients to customize solutions to meet their needs today and down the road.

The choice, flexibility and guarantees in SunUniversalLife II make it easier for you to do business while helping Clients achieve lifetime financial security.

Use this guide to understand all of the features and optional benefits available with SunUniversalLife II. Give Clients the SunUniversalLife II Client Guide (810-4554) to help them learn how SunUniversalLife II can meet their long-term needs and provide an opportunity for tax-preferred growth in savings. Sample SunUniversalLife II policy pages are also available on the advisor website.

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# Contents

Benefits for life	4	Cash accessibility	31
Product at a glance	5	Withdrawals	31
How SunUniversalLife II works	6	Surrender charges	32
Product details	7	Policy loans	32
Issue ages	7	Access to the policy fund while disabled, ill or injured	33
Smoking status	7	Living benefit	34
Coverage Options	8	Taxation	35
Minimum and maximum insurance amounts	10	Insurance amount adjustments	35
Death benefit options	12	Service account	36
Changing death benefit option	17	Target payment	36
Cost of insurance (COI) options	17	Optional benefits	37
Making payments to the policy	19	Accidental death benefit (ADB)	37
Minimum and maximum payments	19	Child term benefit (CTB)	38
Premium tax	20	Total disability waiver benefit (TDB)	39
Monthly deductions	20	Owner waiver death benefit	40
COI withdrawal options	21	Owner waiver disability benefit	41
Timing of regularly scheduled payments	22	Owner waiver death and disability benefit	42
Lump sum payments	22	Guaranteed insurability benefit (GIB)	43
Stopping and starting payments	22	Business value protection benefit (BVPB)	44
Investment account options	23	Term insurance benefit (TIB)	45
Selecting an investment mix	23	Policy lapse and reinstatement	46
Daily interest account (DIA)	24	Administrative information	47
Guaranteed interest accounts (GIA)	24	Where to go for more information	48
Sun life diversified account (SLDA)	24	Why choose Sun Life?	48
Managed accounts	25		

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# Benefits for life

Protection for life: SunUniversalLife II provides Clients with permanent life insurance coverage to meet their long-term personal, estate and business goals. Individuals can offset the tax liabilities of a growing estate, allowing more funds to go to their beneficiaries. Business owners can maximize business assets both before and after death. SunUniversalLife II helps to enhance financial security while protecting those who are most important.

Choice: Clients have the choice of four coverage types, five death benefit options and six cost of insurance (COI) structures to meet their current and future needs. They can also choose from a diverse range of investment account options within their plan to take advantage of tax-preferred investment growth. A wide variety of optional benefits gives Clients the opportunity to further customize their permanent life insurance solution.

Savings opportunities: The opportunity for tax-preferred growth is one of the primary reasons Clients look to a universal life policy. To meet this need, SunUniversalLife II offers Clients the option to choose from a daily interest account, four guaranteed interest accounts, and 18 managed accounts. The managed accounts credit interest based on the performance of well-known investment funds including the Sun Life Granite portfolio funds. SunUniversalLife II also offers the Sun Life Diversified Account (SLDA). This account earns interest based on the smoothed yield of a diversified pool of assets. With this wide choice, you're able to help Clients construct a lineup of investment account options that caters specifically to their risk tolerance.

Flexibility: Because we don't know what the future holds, SunUniversalLife II provides Clients with the flexibility they need from a life insurance plan when they need it most. Clients have control over the payments they make to their policy. This is ideal for those Clients with a variable cash flow as it gives them the opportunity to temporarily stop payments to their policy if needed.

Cash accessibility: Having easy access to the policy fund value is another attractive feature of SunUniversalLife II. Should the need arise, Clients are able to take out a policy loan or withdraw cash from their policy fund for whatever they choose. Policy funds can even be accessed tax-free in the event of a total disability, providing additional security when Clients need it most.

Guarantees: In a world full of change, SunUniversalLife II offers guaranteed rates for all COI options that can put Clients' minds at ease. There's also a COI option that guarantees Clients' insurance is fully paid after a specified period of time and a selection of investment account options with guaranteed rates of return.

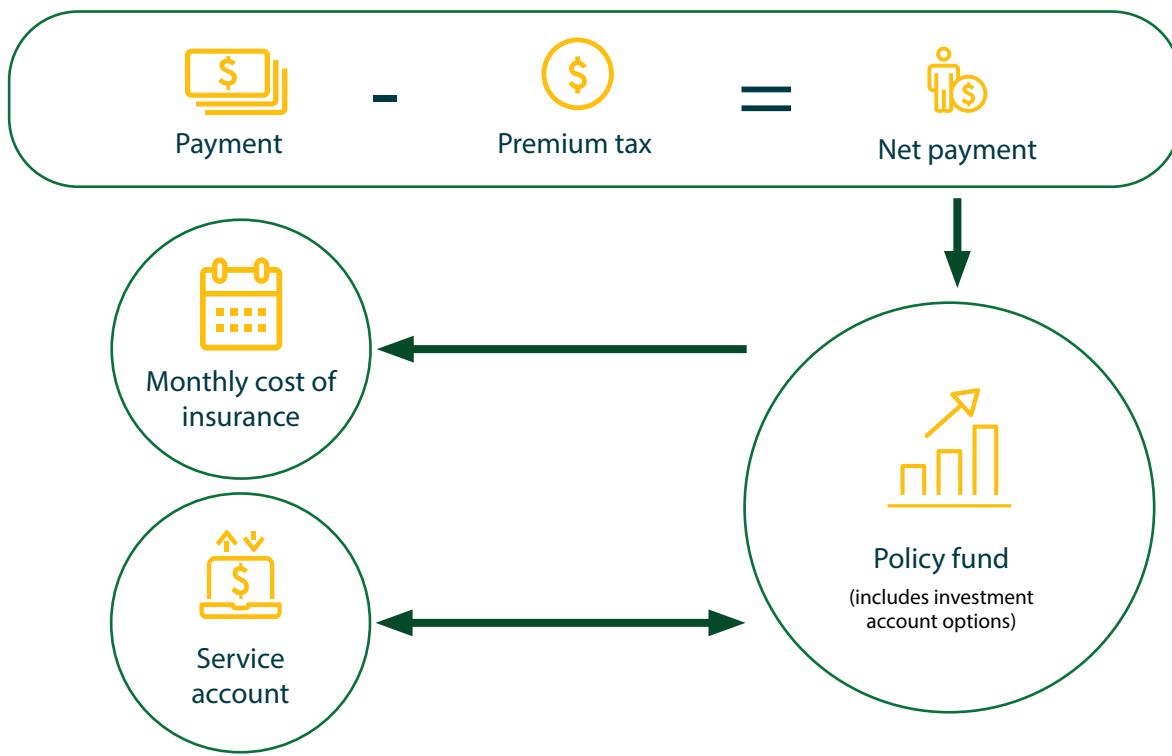
# Product at a glance

Coverage options	<ul style="list-style-type: none"> <li>Single life</li> <li>Joint first-to-die, two lives — includes Survivor benefit and Automatic survivor benefit</li> <li>Joint last-to-die COI to second death, two lives</li> <li>Joint last-to-die COI to first death, two lives</li> </ul>											
Issue limits	<ul style="list-style-type: none"> <li>Minimum: \$100,000 — less than \$100,000 is available for conversion only if converting or exercising the full amount.</li> <li>Maximum: \$25,000,000 — contact your Sales Director for quotes above this amount. Premium rates for illustrations over \$15,000,000 are subject to reinsurance and underwriting review.</li> </ul>											
Death benefit options	<ul style="list-style-type: none"> <li>Insurance amount plus policy fund</li> <li>Level insurance amount</li> <li>Level plus indexing</li> </ul> <ul style="list-style-type: none"> <li>Level plus return of payments</li> <li>Level plus adjusted cost basis (ACB)</li> </ul>											
Cost of insurance (COI) options and issue ages	COI	Single	Joint									
	<ul style="list-style-type: none"> <li>Level</li> <li>Limited pay 10:</li> <li>Limited pay 15:</li> <li>Limited pay 20:</li> <li>YRT to age 85:</li> <li>YRT to age 70:</li> </ul>	<ul style="list-style-type: none"> <li>18 - 85</li> <li>0 - 85</li> <li>0 - 85</li> <li>0 - 80</li> <li>0 - 70</li> <li>0 - 55</li> </ul>	<ul style="list-style-type: none"> <li>18 - 85</li> <li>18 - 85</li> <li>18 - 85</li> <li>18 - 80</li> <li>18 - 70</li> <li>18 - 55</li> </ul>									
	<p>For the Level plus death benefit options, the maximum single or joint issue age is age 70.</p> <p>For joint policies, both the ages of the insured persons and the joint age must fall within the above limits.</p>											
COI bands	<ul style="list-style-type: none"> <li>&lt; \$100,000 (conversion only)</li> <li>\$100,000 - \$249,999</li> <li>\$250,000 - \$499,999</li> </ul> <ul style="list-style-type: none"> <li>\$500,000 - \$999,999</li> <li>\$1,000,000 - \$4,999,999</li> <li>\$5,000,000 and up</li> </ul>											
Smoking status	Non-smoker, smoker, or juvenile											
Surrender charges	<p>Based on a percentage of the Target payment, prorated between policy anniversaries:</p> <table> <tr> <td>Year 1: 100%-200%</td> <td>Year 4: 200%-150%</td> <td>Year 7: 100%</td> </tr> <tr> <td>Year 2: 200%</td> <td>Year 5: 150%</td> <td>Year 8: 100%-0%</td> </tr> <tr> <td>Year 3: 200%</td> <td>Year 6: 150%-100%</td> <td>Year 9+: 0%</td> </tr> </table> <p>Target payment for non-rated cases is equal to:</p> <ul style="list-style-type: none"> <li>100% of the Level COI amount for all of the COI options.</li> </ul>			Year 1: 100%-200%	Year 4: 200%-150%	Year 7: 100%	Year 2: 200%	Year 5: 150%	Year 8: 100%-0%	Year 3: 200%	Year 6: 150%-100%	Year 9+: 0%
Year 1: 100%-200%	Year 4: 200%-150%	Year 7: 100%										
Year 2: 200%	Year 5: 150%	Year 8: 100%-0%										
Year 3: 200%	Year 6: 150%-100%	Year 9+: 0%										
Policy fee	None											
Guaranteed cash values	<ul style="list-style-type: none"> <li>Available with the limited pay COI options beginning as early as the 5<sup>th</sup> policy year.</li> </ul>											
Investment account options	<p>Guaranteed investment accounts:</p> <ul style="list-style-type: none"> <li>Daily interest account (DIA)</li> <li>Guaranteed interest account (GIA) <ul style="list-style-type: none"> <li>1, 3, 5 and 10 year</li> </ul> </li> </ul> <ul style="list-style-type: none"> <li>18 managed accounts including seven that track the performance of the Sun Life Granite portfolios</li> <li>Sun Life Diversified Account</li> </ul>											
Optional benefits	<ul style="list-style-type: none"> <li>Accidental death benefit</li> <li>Guaranteed insurability benefit</li> <li>Total disability waiver benefit</li> <li>Owner waiver benefit (death, disability or death and disability)</li> </ul> <ul style="list-style-type: none"> <li>Child term benefit</li> <li>Business value protection benefit</li> <li>Term insurance benefit <ul style="list-style-type: none"> <li>T10, T15, T20, T30</li> </ul> </li> </ul>											
Special features	<ul style="list-style-type: none"> <li>Access to the policy fund when disabled</li> <li>Early death benefit</li> <li>Living benefit</li> </ul>											

# How SunUniversalLife II works

The following is a summary of how SunUniversalLife II works. For more details, refer to page 19, Making payments to the policy, or see the sample policy pages found on the Sun Life advisor website.

When we receive a payment for a SunUniversalLife II policy, we deduct any applicable premium tax. The net payment is added to the policy fund and allocated to Clients' selected investment account options. Sun Life will credit interest to the policy fund based on the net rate of return of the investments selected. Positive interest increases the policy fund while negative interest decreases it.



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Sun Life will credit interest to the policy fund based on the net rate of return of the investment account options selected. Interest can be positive or negative.

Every month, money is deducted from the policy fund to pay for the cost of insurance (COI) which includes costs for any optional benefits Clients select. We ensure that the policy will maintain its tax-exempt status. If the policy fund or payments made to the policy are greater than permitted under the Income Tax Act (Canada), excess funds are transferred to the service account.

The service account holds any excess money that would cause the policy to lose its tax-exempt status if it was left in the policy fund. When exempt limits permit, funds are transferred from the service account back into the policy. Any interest earned on funds within the service account is taxable.

At death, an amount can be paid tax-free to a named beneficiary according to the death benefit option the Client selects.

# Product details

## Issue ages

SunUniversalLife II is available to individuals ranging from insurance age 0 - 85 and availability is based on the cost of insurance and death benefit option the Clients select.

Issue ages are based on the insured person's insurance age, or their age at the nearest birthday. This is known as "age nearest". For example, if the Client is 48 years and 7 months, their insurance age will be 49 years. On the other hand, if the Client is 35 years and 3 months, their insurance age will be 35. An "attained age" is the insurance age plus the number of years from the effective date of the policy to the nearest policy anniversary.

Cost of insurance option	Single life	Joint life
Level	18 - 85	18 - 85
Limited pay 10	0 - 85	18 - 85
Limited pay 15	0 - 85	18 - 85
Limited pay 20	0 - 80	18 - 80
YRT to age 85	0 - 70	18 - 70
YRT to age 70	0 - 55	18 - 55
• If the Client selects any of the "Level plus" death benefit options, the maximum issue age is age nearest 70.		

For a joint coverage, we calculate a joint age at the time the insurance takes effect. The joint age represents the combination of each insured person's insurance age, sex and smoking status. Joint ages differ by coverage type. For example, a joint last-to-die coverage will have a different joint age than a joint first-to-die coverage.

SunUniversalLife II is available to joint insured persons, with joint age 18-85, depending on the COI option selected. Both of the insured persons under the joint coverage must be within the age ranges specified above.

## Smoking status

### Issue ages 17 - 85

Insured persons age nearest 17 - 85 are classified as either smoker or non-smoker.

An insured person can change from the smoker to the non-smoker rate class by completing a Declaration of smoking status, form E18. Evidence of insurability is required and must be approved by Sun Life before non-smoker rates are applied. The COI will be lower under a non-smoker classification.

### Issue ages 0 - 16

Insured persons, age nearest 0 - 16 are classified as juveniles and receive a juvenile rate.

For ages 0 - 16 where a limited pay COI option has been selected, the juvenile rate applies for the duration of the coverage. Clients can't switch to non-smoker rates.

For ages 0 - 16 where the COI option isn't Limited pay, a change from a juvenile rate to a non-smoker rate can be requested. The policy owner must submit a non-smoker declaration, signed by the insured person, any time between the policy anniversary nearest the insured person's 17<sup>th</sup> and 19<sup>th</sup> birthdays. The change to non-smoker rates begins at the policy anniversary nearest the insured person's 18<sup>th</sup> birthday or the date the non-smoker declaration is approved — whichever is later.

If no declaration is received, the insured person is automatically classified as a smoker and is charged smoker rates from the policy anniversary nearest their 18<sup>th</sup> birthday. If the declaration is received after the policy anniversary nearest the 19<sup>th</sup> birthday new evidence of insurability is required.

## Coverage Options

SunUniversalLife II offers: single life, joint first-to-die, joint last-to-die COI to first death and joint last-to-die COI to second death. This variety of coverage options allows Clients to design a SunUniversalLife II plan to meet their needs.

- Single Life
  - Coverage is based on one insured person.
  - The death benefit is payable on the death of the insured person.
  - More than one COI coverage is available at issue, however all coverages must have the same death benefit option. For example, a single insured could have a Level COI coverage and a Limited pay 10 coverage in the same policy. In this case, because a limited pay coverage is included, the death benefit option must be insurance amount plus policy fund.
- Joint first-to-die
  - Coverage is based on two insured persons.
  - The death benefit is payable when one of the insured persons dies, at which time the policy will terminate.
  - Costs are payable up to the first death, their joint age 100, or the end of the COI period, whichever comes first.
  - Joint first-to-die policies include a Survivor benefit and an Automatic survivor benefit.
    - Survivor benefit – After one insured person dies, the surviving insured person has 90 days to apply for a new life insurance policy without providing evidence of insurability.
      - The amount of the new life insurance policy can't exceed the joint first-to-die insurance amount.
      - Subject to availability, the new policy can be permanent or term insurance, based on the surviving insured's age nearest, and rates in effect at the time of application.
      - Death must have occurred before the policy anniversary nearest the surviving insured person's 75<sup>th</sup> birthday.
      - If costs are being waived on the joint first-to-die policy as a result of total disability for the surviving insured, costs of insurance or premiums for the new policy are waived while the disability continues.
    - Automatic survivor benefit – If the surviving insured person dies within 90 days of the first insured person and didn't apply for a new policy under the Survivor benefit above, we pay an additional benefit equal to the basic insurance amount.
      - Death of the surviving insured must occur before the policy anniversary nearest their 75<sup>th</sup> birthday.

- Joint last-to-die – cost of insurance (COI) to the second death
  - Coverage is based on two insured persons.
  - The death benefit is payable on the second death of the insured persons.
  - COI continues to be deducted after the first insured person's death. Costs are payable until the last death of the insured persons, their joint age 100, or the end of the COI pay period, whichever comes first.



**TIP!** Joint last-to-die coverage is an efficient way for Clients to pass their estate to their loved ones or favourite charities.

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- Joint last-to-die – cost of insurance (COI) to the first death
  - Coverage is based on two insured persons.
  - The death benefit is payable on the second death of the insured persons.
  - COI deductions for their basic coverage ends at the first death of the insured persons or the end of the COI pay period, whichever comes first.
  - Cost for benefits that apply to the surviving insured person and any tax-exempt insurance increases continue to be deducted.
  - This coverage type is only available with Level COI and YRT to 85 COI. The only death benefit option available is insurance amount plus policy fund.
  - The policy owner will need to inform Sun Life of the first death to ensure that COI charges are stopped.



**TIP!** Joint last-to-die—COI to the first death—ensures the insurance remains in place after the first death. The survivor doesn't have to worry about ongoing insurance charges.

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- Early death benefit option
  - An early death benefit (EDB) is available when a joint last-to-die coverage with the insurance amount plus policy fund death benefit is selected. A percentage of the policy fund value is payable to the beneficiaries on the first death.
  - The percentage of the fund value paid out can be selected at issue and can range from 0% to 100%, in multiples of 5%. The default is 0%. This can be changed any time prior to the first death. The policy owner must submit written notification, an EDB beneficiary election or policy change form.
  - The total amount of the EDB payout on first death is equal to the result of the following formula, calculated as of the date of notification:  
(A) X (B – C) where:  
A = the EDB percentage specified by the policy owner  
B = the policy fund value  
C = policy loans including interest

- The EDB remains in effect as long as the joint last-to-die policy remains in force and the death benefit option is insurance amount plus policy fund. Other details about the EDB:
  - A separate EDB payout percentage and beneficiary can be elected for each insured person.
  - EDB isn't allowed if either insured has a rating of 250% or greater.
  - No surrender charges or market value adjustment (MVA) applies to the payout.
  - The service account doesn't form part of the payout.
  - The EDB payout is subject to tax legislation at the time of payment.
- Multiple COI coverages
  - SunUniversalLife II allows more than one COI type per policy for single life plans. Coverages can be added after issue on policy anniversaries. Limited pay 10 and Limited pay 15 COI options cannot be added after issue. All coverages on the policy must have the same death benefit option and meet the minimum insurance amount requirements. For example, a policy could have both a Level COI coverage and a Limited pay 10 coverage. In this case, because a limited pay coverage is included, the death benefit option must be insurance amount plus policy fund.
  - More than one beneficiary can be assigned per policy; for example, one per COI type.
  - Any policy fund value is allocated to each coverage based on the proportion of the benefit amount to the total of all insurance benefit amounts. The net amount at risk for each coverage under the Level, Level plus indexing, Level plus return of payments and Level plus adjusted cost basis death benefit options is the difference between the insurance amount and the allocated policy fund value.
  - Banding applies for coverages using the same COI option. The appropriate COI band for a life or joint lives insured is determined by adding the insurance amount of all coverages.
  - For joint life policies, the same joint coverage option must be selected (ie. Joint first-to-die) and each coverage must use the same death benefit option and COI type.
  - Single and joint coverages can't be combined within the same policy. Each coverage must insure the same person. Multiple life plans aren't available.

## Minimum and maximum insurance amounts

The minimum basic insurance amount for SunUniversalLife II is \$100,000. Amounts less than \$100,000 are available if the Client is converting or exercising the full amount. The maximum insurance amount is \$25 million. For quotes greater than \$25 million, contact your Sales Director. Premium rates for illustrations over \$15 million are subject to reinsurance and underwriting review.

Clients can choose to increase or decrease their insurance amount after issue. When an increase is requested it's processed as a new coverage with its own target payment and surrender charges. The minimum increase is \$50,000. Rates for the new coverage are those in effect at the time of the increase and are based on the insured person's current age. Banding applies for coverages using the same COI option.

The minimum decrease is \$10,000 and the insurance amount can't be below the product minimum of \$100,000. Decreases are not permitted within the first 12 months.



**DID YOU KNOW?** With an insurance amount decrease, Sun Life first reduces any increases to the insurance amount that resulted from maintaining the tax-exempt status of the policy.

The COI rate charged varies by the insurance amount band and by COI type. Volume discounts permit reductions in the COI rate as the insurance amount increases. The rate bands for SunUniversalLife II are as follows:

Band 1	< \$100,000* (available for conversion only)
Band 2	\$100,000 - \$249,999
Band 3	\$250,000 - \$499,999
Band 4	\$500,000 - \$999,999
Band 5	\$1,000,000 - \$4,999,999
Band 6	\$5,000,000 - \$25,000,000

\*Amounts less than \$100,000 are available for term conversions only, and only when converting the entire amount of the originating plan. Partial conversions of less than \$100,000 are not permitted. Premium rates for illustrations over \$15,000,000 are subject to reinsurance and underwriting review.



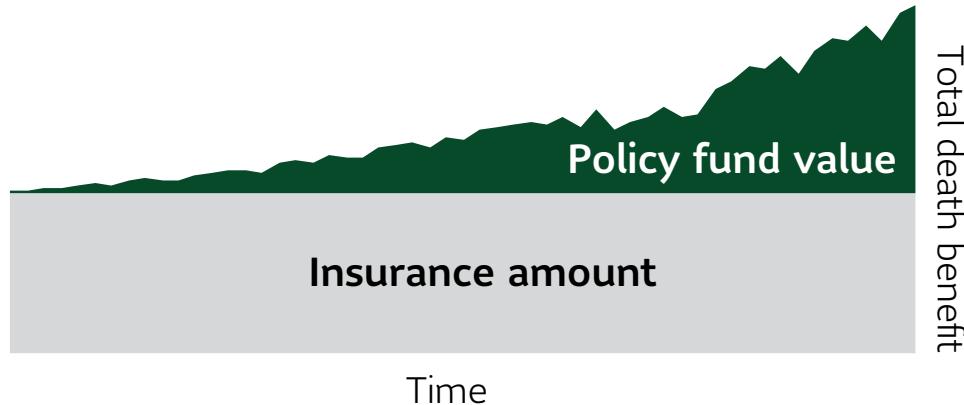
**DID YOU KNOW?** Decreases to the insurance amount after issue may cause a move to a lower band with higher COI rates. The COI rates applicable to the new band apply.

# Death benefit options

Clients can tailor their SunUniversalLife II plan to their needs with one of five different death benefit options.

## Insurance amount plus policy fund

With this option, beneficiaries receive the insurance amount plus the policy fund value, less any outstanding policy loans including interest. The insurance amount includes any increases that occurred to maintain the policy's tax-exempt status.



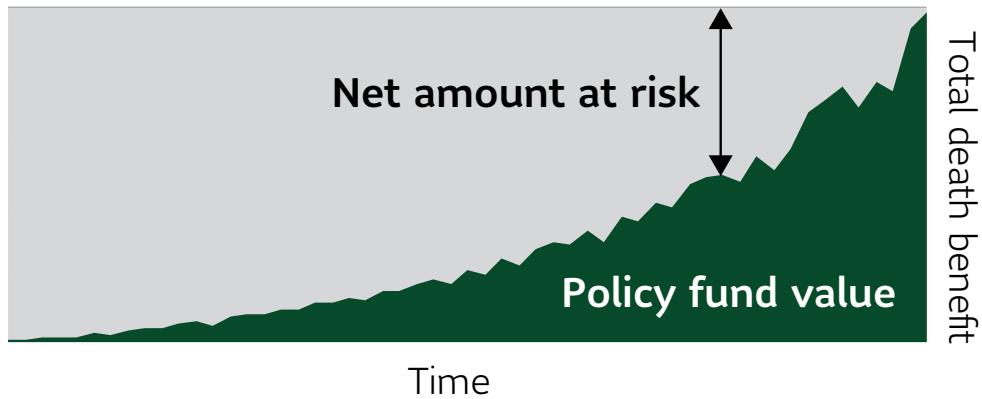
**DID YOU KNOW?** Under the Insurance amount plus policy fund death benefit structure, the net amount at risk typically remains constant. It may increase due to tax-exempt increases, or decrease due to Client-elected insurance amount decreases.



**TIP!** This death benefit option may be suitable for estate protection purposes for Clients who expect to have a growing tax liability.

## Level insurance amount

With this option, the death benefit is the greater of: the insurance amount and the policy fund value—less any outstanding loans including interest. The insurance amount includes any increases that occurred to maintain the policy's tax-exempt status.

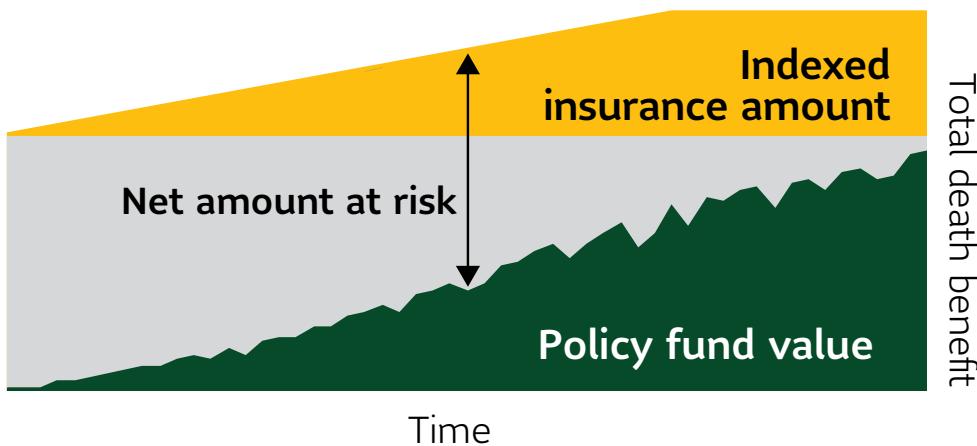


**TIP!** The Level insurance amount death benefit option is recommended for Clients whose insurance needs won't be increasing.

## Level insurance amount plus indexing

### Indexing to age 85

The Level insurance amount plus indexing death benefit option allows the insurance amount to be increased from 1% to 8% annually. The death benefit is the greater of: the insurance amount and the policy fund value—less any outstanding policy loans including interest. The insurance amount includes any increases that occurred to maintain the policy's tax-exempt status. This option is available for issue ages 0 - 70.



Starting on the first policy anniversary, the insurance amount is increased by a fixed rate chosen by the policy owner at application. Annual index rates must be a minimum of 1.00% and a maximum of 8.00%, in multiples of 0.25%. Decreases can be made to the index rate at any time. Increases can be made to the index rate after issue with evidence of insurability.

The maximum indexed insurance amount allowed is three times the initial insurance amount.

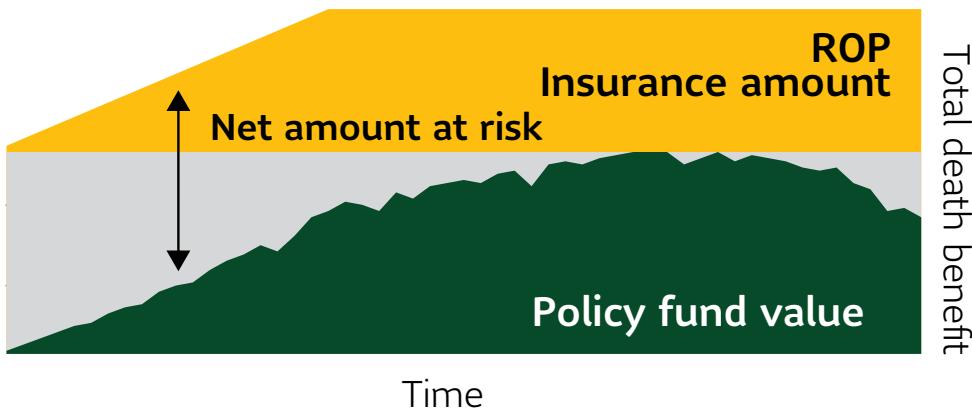
Each time the insurance amount is increased, a new layer of insurance coverage is established using YRT to age 100 rates.

The policy owner can't decline a particular annual increase but can request to decline all future increases. Unless the index option is canceled, indexing will continue until the policy anniversary nearest the insured person's 85<sup>th</sup> birthday, or joint age 85 for joint plans.

## Level insurance amount plus return of payments (ROP)

With this option, the insurance amount increases by payments made to the policy, including premium tax. Payments transferred to the service account will increase the insurance amount after they're transferred back to the policy fund. The death benefit is the greater of: the insurance amount and the policy fund value—less any outstanding policy loans including interest. The insurance amount includes any increases that occurred to maintain the policy's tax-exempt status, based on the method the Client selected. This option is available for issue ages 0 - 70.

Increases to the insurance amount may continue to the policy anniversary nearest the insured person's 100<sup>th</sup> birthday, or joint age 100 for joint plans, provided payments are being made.



Each time the insurance amount is increased, a new layer of insurance coverage is established using YRT to age 100 rates.

Any payments waived under the Total disability waiver or Owner waiver benefit, are excluded from the proceeds payable on death. The maximum insurance amount allowed is three times the initial insurance amount.

If a request is made to stop increasing the insurance amount or to reduce the insurance amount (including coverage reductions caused by withdrawals), the policy death benefit switches to the Level insurance amount. Any further payments to the policy won't increase the insurance amount.

NOTE: The Level insurance amount plus ROP death benefit option provides the best results when the policy fund value grows over time. This helps to limit increases in future COI charges. This option is not suitable when Clients make only the minimum required payment. In these cases, the policy fund value growth may not keep up with the growth in death benefit, making the policy unaffordable. This death benefit option is sensitive to interest rates. To mitigate this risk make sure the Client intends to pay more than their minimum payment for their policy.



**TIP!** If a Client's policy is not performing as expected with level plus ROP, suggest changing the death benefit option to Level insurance amount to ensure they can continue to afford their valuable coverage.

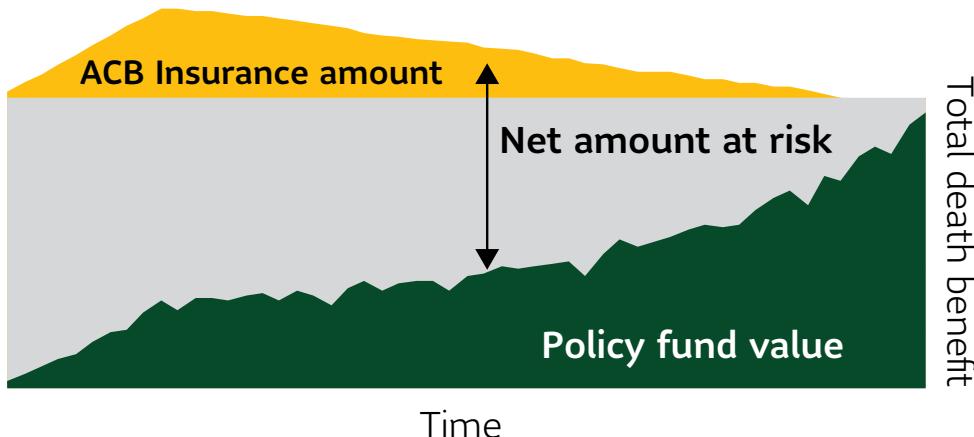
## Level insurance amount plus adjusted cost basis (ACB)

This death benefit option has been designed for business owners. With this option, the insurance amount changes to reflect changes to the ACB of the policy. The death benefit is the greater of: the insurance amount and the policy fund value—less any outstanding policy loans including interest. The insurance amount includes any increases that occurred to maintain the policy's tax-exempt status. This option is available for issue ages 0 - 70.

Each year the insurance amount changes by the amount of change in the ACB of the policy, up to the policy anniversary nearest the insured person's 100th birthday or joint age 100 for joint plans. The maximum insurance amount allowed is three times the initial insurance amount.

Each time the insurance amount is increased, a new layer of insurance coverage is established using YRT to age 100 rates. In the early policy years, the ACB will typically increase, meaning the insurance amount also increases. In later policy years, the ACB will begin to decrease. When this happens, the insurance amount also decreases. When a decrease occurs, the layers of insurance coverage previously purchased are removed or reduced on a last in, first out basis.

If a Client requests to stop increasing the insurance amount or to reduce the insurance amount (including coverage reductions caused by withdrawals), the policy death benefit switches to the Level insurance amount. Any further changes to the policy's ACB won't change the insurance amount.



- The policy's ACB is generally increased by:
  - the sum of all payments to the policy fund,
  - accumulated loan interest,
  - the taxable portion of any withdrawals.
- The policy's ACB is generally decreased by:
  - the sum of all withdrawals and loans (including loan interest) against the policy fund,
  - any COI deducted for any optional benefits, not including term insurance benefits,
  - the net cost of pure insurance (NCPI),
  - any adjustments made for payment of the death benefit before the policy ends.

The NCPI and any adjustments made to the ACB for payment of the death benefit are defined within the Income Tax Act (Canada).

For all death benefit options, COI charges are applied to the Net insurance Amount at Risk (NAAR) of the basic insurance coverage. The NAAR is calculated by subtracting the policy fund from the total death benefit.

For the Level, Level plus indexing, Level plus ROP and Level plus ACB death benefit options, the COI charges will vary from year to year based on the accumulation of value in the policy fund, and the current amount of insurance. With the Insurance amount plus policy fund death benefit option, the COI charges are typically based on the insurance amount.

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## Changing death benefit option

With SunUniversalLife II, Clients can change their death benefit option if their needs change. All basic insurance coverages in the policy must have the same death benefit option.

The following changes are allowed:

- Any of the Level death benefit options can be changed to Insurance amount plus policy fund. Evidence of insurability is required if the change increases the policy's net amount at risk.
- Insurance amount plus policy fund can be changed to Level insurance amount if the policy doesn't have any basic insurance coverages with a Limited pay COI type.
- Level plus indexing, Level plus ROP and Level plus ACB can be changed to a Level insurance amount. The new coverage amount will be the basic insurance amount in effect on the last policy anniversary. Evidence of insurability is required if the change increases the policy's net amount at risk.

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## Cost of insurance (COI) options

SunUniversalLife II offers Clients a wide range of cost of insurance (COI) options. COI is deducted from a SunUniversalLife II policy on a monthly basis. The monthly cost is determined by multiplying the annual COI rate per \$1,000 by the Net Amount at Risk (NAAR) and dividing by 1,000. This result is then divided by 12. The NAAR is calculated by subtracting the policy fund value from the total death benefit.

### Yearly renewable term (YRT) to age 85

Each year, the COI rate is based on the insured person's attained age and increases as the insured gets older. The COI rates for the initial insurance amount are guaranteed and are payable to the policy anniversary nearest the insured person's 85th birthday. For joint policies, COI charges for the initial insurance amount are payable to the policy anniversary nearest joint age 85. Payments can continue to be made to the policy even after the guaranteed COI charges end.



**DID YOU KNOW?** YRT to 85 COI has the potential to provide the best growth in policy values over the short to mid-term.

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**TIP!** YRT COI options should be used when the funding level is greater than the minimum payment.

## Yearly renewable term (YRT) to age 70

Each year, the COI rate is based on the insured person's attained age and increases as the insured gets older. The COI rates for the initial insurance amount are guaranteed and are payable to the policy anniversary nearest the insured person's 70<sup>th</sup> birthday. For joint policies, COI charges for the initial insurance coverage amount are payable to the policy anniversary nearest joint age 70. Payments can continue to be made to the policy even after the guaranteed COI charges end.



**TIP!** YRT to 70 and YRT to 85 may be attractive to those who don't want to worry about increasing COI charges in later policy years.

## Level

This COI option is based on the insured person's issue age with rates that will not change over the life of the initial insurance coverage. Level COI is not available for ages under 18. The COI rate for the initial insurance amount is guaranteed and payable to the policy anniversary nearest the insured person's 100<sup>th</sup> birthday. For joint policies, COI charges for the initial insurance amount are payable to the policy anniversary nearest joint age 100.

## Limited pay

SunUniversalLife II offers a choice of three limited pay COI options: 10, 15 and 20 years. The COI rate is based on the insured person's issue age and the rate doesn't change over the life of the initial insurance coverage. The COI rate for the initial insurance amount is guaranteed and is payable for 10, 15 or 20 years depending on the COI type selected by the Client. Payments can continue to be made to the policy even after the guaranteed COI charges end.



**DID YOU KNOW?** The limited pay COI options must use the Insurance amount plus policy fund death benefit option.



**DID YOU KNOW?** For all cost of insurance options, coverage continues until the death of the insured person, the policy is surrendered, or the policy lapses. Even though the policy illustration only shows values until age 100, the policy will continue beyond that point if the insured person lives past age 100. The amount of the death benefit after age 100 will depend on the death benefit option selected. The policy fund value will continue to grow based on the investments selected.

## Changing COI options

Should Clients' circumstances change, SunUniversalLife II provides the flexibility to change the COI option. Changes can be made after the first policy anniversary on the anniversary date.

When a change is made, it's done at the insured person's current age nearest. Rates for the new COI option are those in effect at the time of the change. The following changes are allowed:

- YRT85 / YRT70 to Level COI.
- YRT85 / YRT70 / Level to Limited pay 20 COI.

Changes to Level COI are available starting at the policy anniversary nearest the insured person's 18<sup>th</sup> birthday.



**DID YOU KNOW?** A change to a Limited pay 20 COI option is only allowed if the policy has a death benefit option of Insurance amount plus policy fund.

## Making payments to the policy

Flexible payments are one of the benefits of universal life. Clients can choose their policy payment amounts within minimum and maximum limits. Once the cost of the insurance and costs for any optional benefits have been deducted, any excess payments can be invested in a range of investment account options. These options are chosen at the time of application and can be changed at any time.

### Minimum and maximum payments

The minimum payment is based on a number of factors including the COI type selected, the insured person's age, gender, smoking status and insurance amount. If the insured is rated or optional benefits are added the minimum payment amount will increase.

The maximum payment in any given year is the maximum amount that can be paid into a policy to ensure the policy maintains its tax-exempt status according to the Income Tax Act (Canada). The maximum payment is calculated at the beginning of each year based on factors such as investment returns and funding levels from previous years. Any amount greater than the maximum is transferred to the policy's service account.

More details about the service account can be found on page 36.



**DID YOU KNOW?** Even when Clients make the annual minimum payment, if their investment accounts earn negative interest, an additional payment may be required. This can also occur with Clients who are paying monthly in cases where the COI withdrawal date is different from the pre-authorized chequing date.



**TIP!** Paying more than the minimum payment allows funds to accumulate within the policy fund on a tax-preferred basis. Any costs paid by the interest earnings can be considered to be paid with pre-tax dollars.

## Premium tax

Provincial legislation determines the applicable provincial premium tax deducted from every payment made into a SunUniversalLife II policy. This tax is subject to change.

The current premium tax rates deducted for SunUniversal Life II policies are as follows:

Province / Territory	Premium Tax Rate %
Newfoundland	4%
Prince Edward Island	3.5%
Quebec	3.3%
Alberta	3%
Northwest Territories	3%
Nova Scotia	3%
Nunavut	3%
Saskatchewan	3%
All others	2%

Premium tax isn't deducted from money transferred directly into the service account. Premium tax is deducted from money being transferred from the service account into the policy fund.

## Monthly deductions

When payments to a policy are received, the applicable provincial premium tax is deducted and the balance is added to the activity account. The total of amounts in the activity account and the investment account options make up the policy fund value. Every month, money is deducted from the activity account to pay for the COI for the insurance amount and any optional benefits the Client selects.

If there isn't enough money in the activity account, funds are withdrawn from the investment accounts based on one of three COI withdrawal options. The COI withdrawal option is chosen at the time of application and can be changed at any time. A fee may be charged for frequent changes. Please see page 21 for more details on the transaction fees that apply to SunUniversalLife II.

## COI withdrawal options

The policy owner can choose from one of three withdrawal order options at issue. The ability to choose where withdrawals are made will allow the policy owner to concentrate investments in his or her preferred investment accounts.

If an order is not selected, the proportional order is the default option. The withdrawal order can be changed anytime after policy issue. Clients can choose from one of the following:

### Proportional

The proportional order allows the Client to keep the investment mix between accounts constant by taking a portion from each account on withdrawal. The COI is withdrawn from each of the investment accounts in proportion to the value of the investment accounts on the day of the transfer.

### Alternate order 1

If the Client's preference is to keep investments in GIAs untouched until required to pay for the COI, the Alternate order 1 withdrawal option may be the answer. The COI is withdrawn from the investment accounts in the following order:

- Daily interest account (DIA)
- Managed accounts in proportion to the balance in each of those accounts
- Guaranteed interest accounts (GIA)
- Sun Life Diversified Account

### Alternate order 2

If the main focus is preserving managed account values due to the potential for higher rates of return in a given period, the Client may want to place enough money in the DIA and GIAs to cover insurance costs and select the Alternate order 2 withdrawal option. This will allow policy funds in the managed accounts to be undisturbed by monthly COI deductions until all DIA and GIAs have been exhausted. The COI is withdrawn from the investment accounts in the following order:

- Daily interest account (DIA)
- Guaranteed interest accounts (GIA)
- Managed accounts in proportion to the balance in each of those accounts
- Sun Life Diversified Account

Any funds withdrawn from the GIAs are taken from the layer closest to maturity at the time of the withdrawal. No market value adjustments apply.

For all withdrawal options, if there is not enough money in the activity or investment accounts, money will be transferred from the service account to pay for the COI. Although rare, this can happen in situations where a sharp drop in the market value of the investment account options since the last policy anniversary results in a policy fund that is not sufficient to pay monthly charges.



**DID YOU KNOW?** Performance of the managed accounts can positively or negatively impact the interest credited. In the case of negative returns, Clients may need to make additional payments to cover any COI and premium tax.

## Timing of regularly scheduled payments

SunUniversalLife II allows for monthly or annual payments. Policy owners who choose to pay monthly are set up on pre-authorized chequing (PAC). If they choose to pay annually, a payment notice is sent each year.

## Lump sum payments

Payments in addition to the regularly scheduled monthly or annual payments are considered lump sum payments and can be made at any time. The minimum lump sum payment is \$100. The effective date of payment is the date that funds are received at our head office.

## Stopping and starting payments

Payments to the policy can stop at any time provided the policy fund value is sufficient to cover any policy charges. Additional payments, within the minimum and maximum limits can resume at any time.

# Investment account options

SunUniversalLife II offers a wide variety of investment account options allowing Clients to design an investment mix that meets their risk profile and savings goals. Clients can choose from the following:

- A daily interest account.
- Four guaranteed interest accounts with terms of 1, 3, 5 and 10 years.
- 18 managed account options including seven based on the performance of the Sun Life Granite portfolio funds.
- The Sun Life Diversified Account.

## Selecting an investment mix

Clients choose an investment mix at the time of application and can change it at any time. The minimum balance for each of the investment accounts is \$100.

When the activity account accumulates enough to invest at least \$100 into each of the chosen investment accounts, the money is transferred out of this account according to the chosen investment mix. When allocating the Client payment across the selected investment mix, the percentage selected for each investment account must be in multiples of 5%. A maximum of 10 investment accounts are permitted.

If the Client's investment mix contains more than one investment account, the activity account balance must be large enough so that the transfer to each investment account option is at least \$100. Once that minimum amount is reached, the policy funds are automatically transferred from the activity account according to the chosen investment mix.

For example, assume a policy owner has chosen an investment mix of 10% to a managed account and 90% to a GIA. A minimum of \$1,000 in the activity account is required before the managed account option meets the minimum transfer threshold of \$100 ( $10\% \times \$1,000$ ).

If the activity account is only \$990, the minimum transfer threshold for the managed account wouldn't be met ( $10\% \times \$990 = \$99$ ). In this case, all of the policy funds are left in the activity account until the minimum transfer threshold of \$100 for each investment account is reached.



**TIP!** Avoid small investment mix percentages that don't meet the \$100 minimum transfer threshold so Clients aren't holding money in the activity account for long periods of time.

Sun Life Illustrations let you illustrate a customized investment account option mix.

**DID YOU KNOW?** Policy owners can change the investment mix at any time but the change can't be made retroactively. A transaction fee may apply.

Policy owners can direct a specific payment that varies from their investment mix if they send a written request to us.

## Daily interest account (DIA)

The DIA is an investment account option selected by the Client. The minimum required to open this account is \$100. Interest on this account is calculated and credited daily.

The minimum guaranteed interest rate will never be less than 90% of the yield on a 30-day Government of Canada Treasury Bill issued that day, less 1.75%. The absolute minimum interest rate for the DIA is 0% per year.

## Guaranteed interest accounts (GIA)

GIAs are available for 1, 3, 5 and 10 year terms to meet the policy owner's short-, medium- and long-term savings needs. At maturity, the GIA balance is rolled into the activity account, unless the policy owner requests to have it rollover to a new account of the same term. Interest is credited daily and compounded annually.

Like the DIA, the minimum guaranteed interest rate will never be less than 90% of the Government of Canada Bond rate with the same term, less 1.75%. The absolute minimum interest rate for the GIA is 0% per year.

If funds are withdrawn from the GIAs, a Market Value Adjustment (MVA) may apply. Generally, if a GIA is redeemed prior to its maturity and current interest rates have increased, an MVA will apply. The MVA applies to withdrawals or transfers from a GIA into another investment account. Withdrawals from the GIAs start with the account closest to maturity. An MVA won't apply under the following circumstances:

- Transfers from the GIAs to pay for the monthly cost of insurance or to maintain the policy's tax-exempt status.
- Transfers or withdrawals from the managed accounts.
- Payment of the policy fund upon the death of the insured person.

The MVA formula is:

$$MVA = W \times (1 - \text{the lesser of } 1 \text{ and } ((1 + J)^D / (1 + K)^D)) \text{ where:}$$

W = amount withdrawn or transferred from the GIA layer

D = number of days to maturity in the existing GIA layer divided by 365

J = actual interest rate for the existing GIA layer

K = current interest rate for a new GIA layer with the same term as the existing GIA

## Sun Life Diversified Account (SLDA)

The Sun Life Diversified Account is currently only available as an investment account option with SunUniversalLife II and provides Clients with an option to help manage volatility within their universal life portfolio. The account earns a daily interest rate based on the average yield of a variety of investments including private fixed income, real estate, bonds, mortgages and equities.

Clients that invest in the Sun Life Diversified Account are not actually purchasing units or acquiring an ownership interest in the account. Their policy is credited with interest based on the smoothed return of this account. The crediting rate is set at least annually and Sun Life guarantees that the interest rate credited to the policy will never be negative.

If funds are withdrawn or transferred from the Sun Life Diversified Account, and the latest yield available to us for Government of Canada long-term bonds is greater than the current interest rate for the Sun Life Diversified Account, a Market value adjustment (MVA) will apply. No MVA will apply where funds are transferred to pay for the monthly cost of insurance, to maintain the policy's exempt status or upon payment of the policy fund on the death of the insured person.

The MVA formula is:

$$MVA = W \times \{ \text{the lesser of } 1 \text{ and } [10 \times \text{the greater of } (0 \text{ and } \{A - B\})] \}$$

W = the amount withdrawn or transferred from the Sun Life Diversified Account

A = the latest yield available to us for Government of Canada long-term bonds

B = current interest rate for the Sun Life Diversified Account

## Managed accounts

These investment accounts track the performance of recognized investment funds. Interest for each managed account is calculated daily based on the performance of the investment fund linked to the account. Performance is based on the net rate of return of the underlying fund and can fluctuate. Interest can be positive or negative. All managed accounts are affected by both the performance of its underlying fund, which reflects the fund manager's expenses and fund distributions and fluctuations in the value of the Canadian dollar compared to the appropriate foreign currency, where applicable.

When Clients select these accounts, they are not investing in the underlying fund, index or purchasing any units or legal interest in any security. The daily interest rate that applies to each managed account is the percentage daily change in the Canadian dollar value of its underlying fund.



**TIP!** By selecting the managed account option, Clients can participate in the performance of 18 well known and diversified investment funds without having to purchase them.

### Sun Life MFS Canadian Bond

Interest in this account is based on the performance of the Sun Life MFS Canadian Bond Fund – Series A. The fund aims to provide investors with high investment returns primarily through income, with reasonable safety of capital. The management team employs multiple strategies in order to add value including: interest rate anticipation, yield curve positioning, bottom-up credit research, and sector selection.

### CI Signature Income and Growth

Interest in this account is based on the performance of the CI Signature Income and Growth Fund – Series A. The fund seeks to provide a steady flow of current income while preserving capital by investing in a diversified portfolio of securities composed mainly of equity, equity-related and fixed income securities of Canadian issuers. The fund may also invest in foreign securities.

## **Sun Life Dynamic Strategic Yield**

Interest in this account is based on the performance of the Sun Life Dynamic Strategic Yield Fund – Series A. The fund seeks to achieve income and long-term capital growth by primarily investing directly in a diversified portfolio of fixed income and income oriented securities, or indirectly by investing in mutual funds and exchange traded funds that invest in such securities.

## **Sun Life MFS Canadian Equity Growth**

Interest in this account is based on the performance of Sun Life MFS Canadian Equity Growth Fund – Series A. The fund aims for long-term capital growth primarily by investing in Canadian growth equity securities. The fund may invest in global equity securities or other mutual funds.

## **CI Cambridge Canadian Equity Corporate Class**

Interest in this account is based on the performance of the CI Cambridge Canadian Equity Corporate Class Fund – Series A. This fund's objective is to achieve long-term capital growth by investing, directly or indirectly, primarily in equity securities of Canadian companies. Indirect investments may include convertible securities, derivatives, equity-related securities and securities of other mutual funds.

## **Sun Life MFS US Equity**

Interest in this account is based on the performance of the Sun Life MFS US Equity Fund – Series A. The fund aims for long-term capital growth by investing primarily in companies domiciled in the U.S. or whose primary stock exchange listing is in the U.S. The fund employs a core style which is not explicitly biased to value or growth companies, and as such provides a good standalone option for those looking to access U.S. equities.

## **Sun Life MFS Global Value**

Interest in this account is based on the performance of the Sun Life MFS Global Value Fund – Series A. The fund's investment objective is to seek capital appreciation by investing primarily in equity securities of issuers located anywhere in the world that are considered to be undervalued compared to their perceived worth.

## Managed accounts – Portfolio based

The Sun Life Granite portfolio options credit interest based on the Sun Life Granite portfolio funds. Each fund is built through a complex combination of careful investment processes, strategic asset allocation and an active management approach. The result is a series of ready-made investment portfolios that, like their namesake, are renowned for strength, diversity and versatility. Expert managers help keep portfolios on track for the long term and broad diversification helps manage investment risk.

### Sun Life Granite Conservative Portfolio

Interest in this account is based on the performance of the Sun Life Granite Conservative Portfolio – Series A. The fund's investment objective is to seek income and capital appreciation, with a bias towards income, by investing primarily in fixed income mutual funds, and to a lesser extent, equity mutual funds.

### Sun Life Granite Moderate Portfolio

Interest in this account is based on the performance of the Sun Life Granite Moderate Portfolio – Series A. The fund's investment objective is to seek income and capital appreciation by investing primarily in a mix of fixed income and equity mutual funds.

### Sun Life Granite Balanced Portfolio

Interest in this account is based on the performance of the Sun Life Granite Balanced Portfolio – Series A. The fund's investment objective is to seek capital appreciation and income for the portfolio, with a small bias towards capital appreciation, by investing primarily in a mix of equity and fixed income mutual funds.

### Sun Life Granite Income Portfolio

Interest in this account is based on the performance of the Sun Life Granite Income Portfolio – Series A. The fund seeks to generate a consistent level of income by investing primarily in a mix of income-focused fixed income and equity mutual funds, including exchange-traded funds.

### Sun Life Granite Enhanced Income Portfolio

Interest in this account is based on the performance of the Sun Life Granite Enhanced Income Portfolio – Series A. The fund seeks to generate a consistent level of income by investing primarily in a mix of income-focused fixed income and equity mutual funds, including exchange-traded funds, with an emphasis towards higher yielding investments.

## Sun Life Granite Balanced Growth Portfolio

Interest in this account is based on the performance of the Sun Life Granite Balanced Growth Portfolio – Series A. The fund's investment objective is to seek capital appreciation and income, with a bias towards capital appreciation, by investing primarily in equity mutual funds and, to a lesser extent, fixed income mutual funds.

## Sun Life Granite Growth Portfolio

Interest in this account is based on the performance of the Sun Life Granite Growth Portfolio – Series A. The fund's investment objective is to seek capital appreciation by investing primarily in equity mutual funds and, to a lesser extent, fixed income mutual funds.



**TIP!** Consider the Sun Life Granite portfolio options for Clients looking for a simple, all-in-one investment solution.

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**DID YOU KNOW?** The managed account option allows Clients to diversify their investments inside their SunUniversalLife II policy. The funds and industry leading managers are chosen based on a broad selection of management styles, and asset classes.

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## Managed accounts – Index based

SunUniversalLife II offers managed accounts that track the performance of investment funds that aim to replicate the performance of leading indices.

### Sun Life BlackRock Canadian Universe Bond Index

Interest in this account is based on the performance of the Sun Life Canadian Universe Bond Index.

The fund's investment objective is to provide income by replicating, to the extent possible, the performance net of fees of the FTSE TMX Canada Universe Bond Index.

Index: FTSE TMX Canada Universe Bond Index

### Sun Life BlackRock Canadian Equity Index

Interest in this account is based on the performance of the Sun Life BlackRock Canadian Equity Fund – Series A. The fund's investment objective is to seek capital appreciation by investing primarily in Canadian equity securities directly or indirectly through mutual funds and exchange traded funds (ETFs) that invest in such securities.

The fund's target allocation is approximately 70% Canadian equity and 30% global sector equity. The fund will obtain broad-based exposure to Canadian equity by investing in the Sun Life BlackRock Canadian Composite Equity Fund, which attempts to replicate the performance of a well-known Canadian equity index. The fund obtains global equity exposure by investing in global sector exchange traded funds (ETFs). Global sector allocation is based on sectors under-represented in Canada. The fund is monitored and periodically rebalanced according to target allocations which may change in order to meet changing market conditions.

Index: 70% S&P/TSX Capped Composite Index / 30% Global Sector ETFs

### BlackRock US Equity Index

Interest in this account is based on the performance of the BlackRock US Equity Index. The BlackRock US Equity Index seeks to replicate the return and risk characteristics of the S&P 500 Index Total Return. This is accomplished through careful analysis of the index's construction and cost effective, risk-controlled trading techniques. The fund uses a full replication methodology whereby it holds all stocks in their correct index weights.

Index: S&P500

### BlackRock Global Equity Index

Interest in this account is based on the performance of the BlackRock Global Equity Index. The fund aims to closely track the MSCI ACWI Ex-Canada Index by investing in a broadly diversified portfolio of securities of companies located around the world, including emerging countries.

Index: MSCI ACWI Ex-Canada Index

Managed account option	Asset class	SunUniversalLife II management fee
Sun Life MFS Canadian Bond	Canadian Fixed Income	0.00%
CI Signature Income & Growth	Canadian Balanced	0.00%
Sun Life Dynamic Strategic Yield	Global Neutral Balanced	0.00%
Sun Life MFS Canadian Equity Growth	Canadian Focused Equity	0.00%
CI Cambridge Canadian Equity Corporate Class	Canadian Equity	0.00%
Sun Life MFS US Equity	US Equity	0.00%
Sun Life MFS Global Value	Global Equity	0.00%
Managed accounts – Portfolio based		
Sun Life Granite Conservative Portfolio	Global Fixed Income Balanced	0.00%
Sun Life Granite Moderate Portfolio	Global Neutral Balanced	0.00%
Sun Life Granite Balanced Portfolio	Global Neutral Balanced	0.00%
Sun Life Granite Income Portfolio	Tactical Balanced	0.00%
Sun Life Granite Enhanced Income Portfolio	Tactical Balanced	0.00%
Sun Life Granite Balanced Growth Portfolio	Global Equity Balanced	0.00%
Sun Life Granite Growth Portfolio	Global Equity Balanced	0.00%
Managed accounts – Index based		
Sun Life BlackRock Canadian Universe Bond Index	Canadian Fixed Income	1.50%
Sun Life BlackRock Canadian Equity Index	Canadian Focused Equity	0.00%
BlackRock US Equity Index	US Equity	1.50%
BlackRock Global Equity Index	Global Equity	1.50%



**DID YOU KNOW?** More information on the managed account options, asset class and management style as well as the guaranteed interest accounts is available on the SunUniversalLife II Investment account fact sheets, and the Investment account options booklet (810-4632).

When an underlying fund, index or its management changes, we may need to rename, merge or withdraw a managed account. If Clients have balances in accounts that have been withdrawn, we'll provide information on the remaining accounts available.

# Cash accessibility

Easy access to the fund value of the policy is another attractive feature of SunUniversalLife II. Funds can be accessed through withdrawals, a policy loan or in the event of a total disability.

## Withdrawals

A withdrawal refers to a policy owner's request for funds. This doesn't include the deduction of the monthly cost of insurance from the policy fund. For more information on the cost of insurance deductions please refer to COI withdrawal options on page 21. Any withdrawals made as a result of a request by the policy owner will be considered a partial disposition and may result in taxable income.

The minimum withdrawal amount is \$250 and the maximum is the current policy cash surrender value (CSV), minus any guaranteed cash value, minus 12 times the previous month's total COI for the policy. A withdrawal from the policy fund causes a reduction in the death benefit by the amount of the withdrawal.

The policy CSV is calculated as:

- the policy fund value,
- minus surrender charges,
- minus any MVAs,
- minus policy loans including interest,
- plus any guaranteed cash value,
- plus any amount in the service account.

If funds are withdrawn from any of the GIAs or from the Sun Life Diversified Account, a market value adjustment (MVA) may apply. For GIAs, the layer closest to maturity is withdrawn first.



**DID YOU KNOW?** With a cash withdrawal, any value in the service account is withdrawn first unless Clients specify another account.

Clients can specify the investment account that funds should be withdrawn from. If an account isn't specified, funds are taken from the service account first, and then from the activity account. If there is not enough money in the activity account then funds are transferred from the investment accounts according to the COI withdrawal order that Clients select.



**DID YOU KNOW?** A policy withdrawal is considered a taxable disposition. Clients may have to pay tax on withdrawals from the policy fund.

## Surrender charges

SunUniversalLife II surrender charges are based on a percentage of the surrender target payment. The surrender target payment is based on the Level COI for a similar insured regardless of the COI option selected for the Client's policy.

Policy year of basic insurance benefit	Surrender charge percentage (start of policy year)	Surrender charge percentage (end of policy year)
1	100%	200%
2	200%	200%
3	200%	200%
4	200%	150%
5	150%	150%
6	150%	100%
7	100%	100%
8	100%	0%
9 and later	0%	0%

On a date other than a policy anniversary, the surrender charge percentage is a pro-rata value based on the number of whole months between policy anniversaries. For example, if the Client surrenders the policy after three years and six months, the applicable surrender charge percentage would be 175%

Surrender charges don't apply to increases in the insurance amount under any of the level plus death benefit options or as a result of increases to keep the policy tax exempt. A surrender charge for each basic insurance coverage applies until the 8<sup>th</sup> anniversary of that coverage, whether or not that coverage remains in effect.

## Policy loans

### Cash loans

With SunUniversalLife II, loans against the policy fund are permitted after the first policy year. The minimum policy loan is \$250. All or part of any policy loan may be taxable. The maximum policy loan is determined using the following formula:

(75% X (A + B - C - D)) - E - (F X (1 + G)) where:

A = the policy fund value

B = any guaranteed cash value

C = any surrender charge

D = any MVAs

E = COI deductions for the insurance amount and optional benefits for the previous month X 12

F = any outstanding policy loans, including interest

G = the current loan interest rate, divided by 100

The death benefit paid is reduced by the amount of any outstanding policy loans, including interest.



**DID YOU KNOW?** Policy loans can be repaid in part or in full at any time.

The loan interest rate isn't guaranteed and is linked to the Royal Bank of Canada prime rate, plus 2%. The interest rate is set on the day of the policy loan. At each policy anniversary the interest rate is changed to the rate that would be charged for new policy loans on that day.

If the policy loan, including any accumulated interest, becomes greater than the policy fund plus any cash value, Clients have 31 days to make a payment, or the policy will lapse.



**TIP!** Service account values aren't used in the calculation of the maximum loan amount. If funds are in the service account it's recommended the Client withdraw these first before taking a loan.

### Automatic payment loans (APL)

APL is available for Clients who have selected a limited pay COI coverage. If there isn't enough money in the policy fund to pay the cost of insurance when it's due, we'll process an automatic payment loan against any available guaranteed cash value. This loan is only available to pay the cost of insurance. The total amount of all policy loans plus accrued interest can't be more than the policy fund value plus any guaranteed cash value.

If the total amount of all policy loans plus accrued interest becomes greater than the policy fund value plus any guaranteed cash value, Clients have 31 days to make any required payment or the policy will lapse.

## Access to the policy fund while disabled, ill or injured

The policy owner may make one withdrawal from the policy fund each time an insured person becomes totally disabled due to illness or injury. Each disability must continue for 60 consecutive days. Please see the policy for the definition of a disability.

Under current tax rules, the policy owner may make this withdrawal without incurring a taxable disposition. Tax rules may change at any time. The tax rules in effect on the date of withdrawal will apply. Any withdrawal from the policy fund will reduce the total death benefit by the amount of the withdrawal.

When an insured person qualifies under this benefit, the policy owner may make a single withdrawal from the policy fund.

The minimum withdrawal amount is \$500. The maximum withdrawal amount is the value of the policy fund plus accumulated interest up to the date of withdrawal minus the following amounts:

- MVAs applicable to the GIAs, or to the Sun Life Diversified Account,
- surrender charges,
- policy loans including interest,
- 12 months COI, and
- a claim assessment fee.

Funds are withdrawn from the activity account first, then from the investment accounts according to the COI withdrawal order the Client selected. Any funds withdrawn from the GIAs use the layer closest to maturity first.

**Withdrawals may not be allowed in cases where:**

- the policy came into effect as the result of a conversion from another life insurance policy while the insured person was disabled, or
- the disability is directly or indirectly caused by or associated with the insured person committing or attempting to commit a criminal offence.

**Making a claim for this benefit:**

- Before a claim is approved, the age of the insured person must be verified.
- Proof of the disability must be received after it continued for more than 60 consecutive days.
- A claim assessment fee and any cost associated with supplying proof of disability is payable each time a claim is submitted.
- In cases where the insured person is no longer disabled at claim time, proof is required that the disability continued for 60 consecutive days. A claim must occur within one year of the date the insured is no longer disabled.

## **Living benefit**

This benefit is offered on Sun Life Assurance Company of Canada life insurance products and is a non-contractual arrangement that we may approve at our discretion on a case-by-case basis. If an insured person is diagnosed with a terminal illness, an application can be made by the policy owner for a lump sum advance of 50% of the insurance amount, to a maximum of \$100,000. The lump sum, plus interest, is deducted from the death benefit when paid. This benefit follows the rules of the living benefit program in effect when the policy owner applies to receive the benefit.

# Taxation

Taxation of the SunUniversalLife II policy and various features offered within the policy are based on the tax rules in the Income Tax Act (Canada) as they relate to life insurance policies. These rules may change at any time, and administration of the policy and its features will change where required based on those rules.

SunUniversalLife II is a tax-exempt, non-registered life insurance policy. The maximum payment permitted to the policy has been set to ensure that it retains its exempt status. In addition to testing each payment for the maximum permitted, testing will be performed at each anniversary to see if the policy remains exempt.

If the policy is about to become non-exempt due to an excessive policy fund value in relation to the death benefit, the policy owner has options available to keep the policy exempt. Each Client must choose an exempt insurance amount adjustment method at application.

## Insurance amount adjustments

At each policy anniversary, a comparison of the policy fund value is made to the tax-exempt limit. If the policy fund value exceeds the tax-exempt limit, an adjustment is made to the policy according to the method selected.

Three types of adjustment methods are available:

- i. Increase and reverse the insurance amount – The insurance amount is increased by up to 8%. When the insurance amount is increased a new layer of insurance coverage is established. The maximum indexed insurance amount including all insurance amount increases is the lesser of: three times the initial insurance amount, and our retention limit. The COI for these increased amounts are at attained age based on the rate series in effect at the time of each increase. Rates are yearly renewable term to age 100. This is available with the Level insurance amount and Insurance amount plus policy fund death benefit options. Any funds remaining after the insurance amount adjustment that are deemed non-exempt are transferred to the service account. These transfers are considered taxable dispositions and may result in taxable income to the policy owner.  
  
Any increased insurance amounts are decreased at a future policy anniversary as long as the policy won't lose its exempt status.
- ii. Increase the insurance amount – The insurance amount is increased by up to 8%. When the insurance amount is increased a new layer of insurance coverage is established. The maximum insurance amount including all insurance amount increases is the lesser of: three times the initial insurance amount, and our retention limit. COI for these increased amounts are at attained age based on the rate series in effect at the time of each increase. Rates are yearly renewable term to age 100. Any funds remaining after the insurance amount adjustment that are deemed non-exempt are transferred to the service account. These transfers are considered taxable dispositions and may result in taxable income to the policy owner.
- iii. Retain the insurance amount – The insurance amount isn't automatically increased. Any funds that are deemed non-exempt are transferred to the service account. These transactions are considered taxable dispositions and may result in taxable income to the policy owner.

Additional insurance purchased under the Level plus death benefit options or purchased in order to keep the policy tax exempt are issued on an attained age basis using guaranteed YRT to age 100 rates in effect at the time of purchase. Charges for this coverage are payable as long as the additional insurance is in effect, regardless of the COI option selected. COI charges for this additional coverage aren't payable past the policy anniversary nearest the insured person's 100th birthday.

## Service account

The service account is a non-exempt side fund attached to a SunUniversalLife II policy. Any non-exempt policy funds accruing under a SunUniversalLife II policy are automatically transferred to the service account. These transactions are considered taxable dispositions and may result in taxable income to the policy owner. Premium taxes aren't deducted from money transferred directly into the service account.

At application, the Client can choose whether to invest any future service account balance in the DIA or a one-year GIA. Transfers between the service account and the policy fund for tax-exempt purposes aren't subject to any minimum.

As room becomes available within the tax-exempt portion of the policy, any funds in the service account are automatically transferred into the policy to the maximum extent possible. These transfers are done without any market value adjustments. However, premium tax is deducted from funds transferred from the service account into the policy fund.

On termination of the policy, any balance in the service account is paid to the policy owner. If termination is due to death, service account funds are paid to the beneficiary who receives the death benefit.



**DID YOU KNOW?** Interest earned on funds within the service account is taxable and reported to the policy owner at the end of each calendar year.

## Target payment

Each insurance amount has associated Target payments for surrender charges and commissions. For surrender charges, it is based on Level COI rates for a similar insured. For advisor commissions, it is based on:

- Level COI rates for an insured with a Level, YRT to 70 or YRT to 85 COI type, and
- The corresponding COI rates for an insured with a Limited pay 10, 15 or 20 year COI type.

The Target payment was previously referred to as the Insurance Factor.

# Optional benefits

SunUniversalLife II offers a variety of optional benefits allowing Clients to customize their own protection solution.

## Accidental death benefit (ADB)

The ADB pays an additional death benefit to the beneficiary if the insured person's death is due to an accident. Death must occur within 365 days of the accident and before the policy anniversary nearest the insured person's 70<sup>th</sup> birthday.

Issue ages	<ul style="list-style-type: none"><li>• 0 - 65</li></ul>
Minimum benefit amount	<ul style="list-style-type: none"><li>• \$10,000</li></ul>
Maximum benefit amount	<ul style="list-style-type: none"><li>• Ages 18 - 65: Lesser of two times the insurance amount, including the Term insurance benefit, and \$1,000,000.</li><li>• Ages 0 - 17: Lesser of two times the insurance amount, including the Term insurance benefit, and \$250,000.</li></ul>
Availability	<ul style="list-style-type: none"><li>• Single life and joint plans. For joint plans, each insured person may have their own ADB coverage.</li><li>• Can be added after issue at policy anniversary only.</li></ul>
Benefit expiry	<ul style="list-style-type: none"><li>• The ADB benefit expires on the policy anniversary nearest the insured person's 70<sup>th</sup> birthday.</li><li>• Costs are level and are payable to the expiry of the benefit.</li></ul>



**DID YOU KNOW?** The ADB maximum benefit amount is applied across all the Client's Sun Life policies.

## Child term benefit (CTB)

The child term benefit is term insurance for the children of the person insured under the base policy. This benefit allows children and future children of the insured parent to be covered under their life insurance policy until the child is 25 years old.



**DID YOU KNOW?** The child term benefit costs are payable for a maximum of 20 years regardless of the number of children insured under the benefit.

Issue ages	<ul style="list-style-type: none"><li>Parents: 18 - 55.</li><li>Insured children must be 18 or younger at the time of application.</li></ul>
Minimum benefit amount	<ul style="list-style-type: none"><li>\$10,000</li><li>Additional amounts must be purchased in increments of \$1,000.</li></ul>
Maximum benefit amount	<ul style="list-style-type: none"><li>\$30,000</li><li>If the child is insured under CTB on another Sun Life policy, the overall maximum is limited to \$30,000.</li></ul>
Availability	<ul style="list-style-type: none"><li>Single life and joint policies. For joint policies, only one life can have the benefit.</li><li>Can be added after issue at policy anniversary only, subject to underwriting.</li><li>Not available where one adult life is uninsurable for joint policies.</li></ul>
Children included under this benefit	<ul style="list-style-type: none"><li>Children, stepchildren or children legally adopted by the insured person.</li><li>Any children born or adopted after the date of application are automatically insured regardless of their risk class. Stepchildren can be included after the benefit is in effect by applying in writing and providing evidence of insurability.</li><li>Children are insured under this benefit from the date they are 15 days old until their 25<sup>th</sup> birthday, for the following amounts:<ul style="list-style-type: none"><li>0 - 14 days: no benefit.</li><li>15 days to 179 days: 25% of total benefit.</li><li>180 days and on: 100% of total benefit.</li></ul></li></ul>
Option to purchase new insurance	<ul style="list-style-type: none"><li>Between their 18<sup>th</sup> and 25<sup>th</sup> birthdays, the policy owner has the right to buy additional life insurance on the life of the child for up to 10 times the amount of the CTB, provided the child has been insured under this benefit for at least three years.</li><li>The new insurance may be term or permanent, subject to product minimums.</li></ul>
Benefit expiry	<ul style="list-style-type: none"><li>CTB expires at the policy anniversary nearest the insured person's 70<sup>th</sup> birthday.</li><li>Costs are payable to the earlier of 20 years and the policy anniversary nearest the insured person's 70<sup>th</sup> birthday:<ul style="list-style-type: none"><li>If the insured person with the CTB dies while the CTB is in effect, no further payments for this benefit are required. Children remain covered under this benefit until age 25 or until they apply for a new life insurance policy as permitted under this benefit.</li><li>In a joint first to die policy, if either insured person dies while the CTB is in effect, no further payments for this benefit are required.</li></ul></li></ul>



**DID YOU KNOW?** In addition to paying a death benefit, the child term benefit also guarantees the child's insurability. The benefit allows for the purchase of new life insurance on the child for up to 10 times the CTB amount to a maximum of \$300,000.

## Total disability waiver benefit (TDB)

This optional benefit maintains coverage if the insured person becomes totally disabled and is unable to earn an income. With TDB, the COI for the base insurance amount and any optional benefits attached to the insured person with the TDB are waived if the insured person under this benefit becomes disabled.

Issue ages	<ul style="list-style-type: none"><li>• 0 - 55</li><li>• For issue ages 0 - 17 charges and coverage for this benefit begins at age 18.</li></ul>
Availability	<ul style="list-style-type: none"><li>• Single life and joint plans. For joint plans, each insured is eligible to purchase TDB.</li><li>• Not available after issue.</li></ul>
Calculation of COI	<ul style="list-style-type: none"><li>• COI for this benefit is based on each \$100 of total COI to be waived.</li></ul>
Coverage period for this benefit	<ul style="list-style-type: none"><li>• Policy anniversary nearest the insured person's 60<sup>th</sup> birthday.</li></ul>
Length of time cost of insurance will be waived for	<ul style="list-style-type: none"><li>• For the duration of disability of the insured person under this benefit, even if disability extends past age 60, provided the disability began before age 60.</li></ul>
Waiting period	<ul style="list-style-type: none"><li>• Six months of continuous disability.</li></ul>
Maximum amount Sun Life will waive under this benefit	<ul style="list-style-type: none"><li>• \$50,000 annual COI across all Sun Life policies.</li></ul>
Exclusions	<p>COI will not be waived if the total disability:</p> <ul style="list-style-type: none"><li>• continues for less than six months,</li><li>• is the result of self-inflicted injuries, or</li><li>• is the result of committing a criminal offence.</li></ul> <p>Please refer to the policy for other exclusions.</p>
Making a claim	<p>For Clients to make a claim:</p> <ul style="list-style-type: none"><li>• Notice must be given to Sun Life during total disability and before the policy anniversary nearest the insured person's 60<sup>th</sup> birthday.</li><li>• Proof of disability must be provided within six months of notice, and then periodically as required.</li><li>• Payments under this benefit won't be made for any period earlier than one year before notice of total disability is received.</li></ul>



**TIP!** If a Client becomes disabled they may be unable to pay their monthly costs. The Total disability waiver benefit provides low-cost disability protection, helping Clients maintain their valuable life insurance coverage.

Definition of total disability – An insured person must be completely unable, as a result of injury or disease, during the first two years following the date of their disability, to carry on with the essential duties of their own occupation, and thereafter to carry on any occupation. The total disability must be continuous.

- Disabled while a student – If the insured person becomes disabled while they are a student, Sun Life considers them to be disabled if they are completely unable to attend or participate as a student in an education program or perform the duties of any occupation within their education, training or experience.
- Disabled while unemployed – If the insured person becomes disabled while unemployed, and isn't profiting from any occupation, Sun Life considers them to be disabled if they are completely unable to perform the duties of any occupation within their education, training or experience.

It's important to understand the definition of total disability as it applies to this benefit. Please review the Total disability waiver benefit under the Optional benefits section of the Client's policy for additional details.

## Owner waiver death benefit

This is an optional benefit that maintains coverage if the owner of the policy dies between the policy anniversary nearest their 18<sup>th</sup> and 70<sup>th</sup> birthdays. The COI for the insurance amount and any optional benefits in the policy are waived if the owner insured under this benefit dies.

Issue ages for owner	<ul style="list-style-type: none"> <li>• 18 - 60</li> </ul>
Availability	<ul style="list-style-type: none"> <li>• Single life and joint plans. Only one owner can be covered in cases where the policy is jointly owned.</li> <li>• The owner must be different than the insured and cannot be a substandard risk.</li> <li>• Not available when the Business value protection benefit has been selected.</li> <li>• Not available after issue.</li> </ul>
Calculation of COI	<ul style="list-style-type: none"> <li>• Cost of insurance for this benefit is based on each \$100 of total COI to be waived.</li> </ul>
Coverage period for this benefit	<ul style="list-style-type: none"> <li>• Policy anniversary nearest the owner's 70<sup>th</sup> birthday.</li> <li>• Base insured issue ages 0 - 17: Earlier of the policy anniversary nearest the base insured's 25<sup>th</sup> birthday or the policy anniversary nearest the owner's 70<sup>th</sup> birthday.</li> </ul>
Length of time cost of insurance will be waived for	<ul style="list-style-type: none"> <li>• For as long as COI is charged for the insurance amount and optional benefits that exist in the policy at the time of death.</li> </ul>
Waiting period	<ul style="list-style-type: none"> <li>• Six months.</li> </ul>
Maximum amount Sun Life will waive under this benefit	<ul style="list-style-type: none"> <li>• \$50,000 annual premium/COI across all Sun Life policies.</li> </ul>
Exclusions	<p>Costs aren't waived if death is the result of:</p> <ul style="list-style-type: none"> <li>• self-inflicted injuries, or</li> <li>• committing a criminal offence.</li> </ul> <p>Please refer to the policy for other exclusions.</p>

If ownership of this policy is transferred, the benefits under this option aren't transferrable and therefore the new owner won't qualify for the Owner waiver on death benefit.

## Owner waiver disability benefit

This is an optional benefit that maintains coverage if the owner of the policy becomes totally disabled between the policy anniversary nearest their 18<sup>th</sup> and 60<sup>th</sup> birthdays. COI for the insurance amount and any optional benefits in the policy are waived if the owner insured under this benefit becomes disabled.

Issue ages for owner	<ul style="list-style-type: none"><li>• 18 - 55</li></ul>
Availability	<ul style="list-style-type: none"><li>• Single life and joint plans. Only one owner can be covered in cases where the policy is jointly owned.</li><li>• The owner must be different than the insured, and cannot be a substandard risk.</li><li>• Not available when the Business value protection benefit has been selected.</li><li>• Not available after issue.</li></ul>
Calculation of COI	<ul style="list-style-type: none"><li>• Costs of insurance for this benefit are based on each \$100 of total COI to be waived.</li></ul>
Coverage period for this benefit	<ul style="list-style-type: none"><li>• Policy anniversary nearest the owner's 60<sup>th</sup> birthday.</li><li>• Base insured issue ages 0 - 17: Earlier of the policy anniversary nearest the base insured's 25<sup>th</sup> birthday or the policy anniversary nearest the owner's 60<sup>th</sup> birthday.</li></ul>
Length of time cost of insurance will be waived for	<ul style="list-style-type: none"><li>• For the duration of disability of the owner insured under this benefit.</li></ul>
Waiting period	<ul style="list-style-type: none"><li>• Six months of continuous disability.</li></ul>
Maximum amount Sun Life will waive under this benefit	<ul style="list-style-type: none"><li>• \$50,000 annual premium/COI across all Sun Life policies.</li></ul>
Exclusions	<p>COI won't be waived if the total disability:</p> <ul style="list-style-type: none"><li>• continues for less than six months</li><li>• is the result of self-inflicted injuries, or</li><li>• is the result of committing a criminal offence.</li></ul> <p>Please refer to the policy for other exclusions.</p>
Making a claim	<p>For Clients to make a claim:</p> <ul style="list-style-type: none"><li>• Notice must be given to Sun Life during total disability and before the policy anniversary nearest the owner's 60<sup>th</sup> birthday.</li><li>• Proof of disability must be provided within six months of notice, and then, periodically as required.</li><li>• Payments under this benefit won't be made for any period earlier than one year before notice of total disability is received.</li></ul>

**Definition of total disability** – The insured owner must be completely unable, as a result of injury or disease, during the first two years following the date of their disability, to carry on with the essential duties of their own occupation, and thereafter to carry on any occupation. The total disability must be continuous.

- Disabled while a student – If the insured owner becomes disabled while they are a student, Sun Life considers them to be disabled if they are completely unable to attend or participate as a student in an education program or perform the duties of any occupation within their education, training or experience.
- Disabled while unemployed – If the insured owner becomes disabled while unemployed, and isn't profiting from any occupation, Sun Life considers them to be disabled if they are completely unable to perform the duties of any occupation within their education, training or experience.

If ownership of this policy is transferred, the benefits under this option aren't transferrable and therefore the new owner won't qualify for the Owner waiver on disability benefit. In cases where the owner dies while disabled and costs of insurance are being waived, those costs will resume.

It's important to understand the definition of total disability as it applies to this benefit. Please review the Owner waiver disability benefit under the "Optional benefits" section of the policy for additional details.

## Owner waiver death and disability benefit

This is an optional benefit that combines the coverages provided by the Owner waiver death and Owner waiver disability benefits. When these benefits are combined, a discount is provided to the cost of insurance for the death benefit which makes it lower than the sum of the costs of the separate benefits.

The issue ages for this combined benefit are 18 to 55. All of the other features and provisions for the separate Owner waiver death and Owner waiver disability benefits remain the same.

## Guaranteed insurability benefit (GIB)

GIB allows the policy owner to purchase additional life insurance for the insured person at their attained age without providing evidence of insurability.

Issue ages for owner	<ul style="list-style-type: none"><li>• 0 - 45</li></ul>
Minimum option amount	<ul style="list-style-type: none"><li>• \$20,000</li></ul>
Maximum option amount	<ul style="list-style-type: none"><li>• Lesser of the insurance amount, including the Term insurance benefit amount, to a maximum of \$300,000 across all Sun Life policies.</li></ul>
Availability	<ul style="list-style-type: none"><li>• Single life policies only.</li><li>• Not available if the Business value protection benefit has been selected.</li><li>• Not available after issue or for substandard risks.</li></ul>
Purchasing new insurance	<ul style="list-style-type: none"><li>• First election is available at the policy anniversary nearest the insured person's 18<sup>th</sup> birthday.</li><li>• Elections are available every three years and on special events — marriage, birth, or legal adoption of a child.</li><li>• A maximum of eight elections are available. Maximum total insurance amount for all elections is \$2.4 million across all Sun Life products.</li></ul>
The new insurance	<ul style="list-style-type: none"><li>• Based on attained age.</li><li>• May be any term or permanent life insurance policy issued by Sun Life on the date the new insurance is applied for subject to product minimums.</li><li>• If the original policy contained a TDB the Client may apply for a new policy with TDB if it's available; and the insured isn't totally disabled and having costs waived at the time of election.</li><li>• If the insured is disabled at the time of purchasing additional insurance, they must select a new policy and any premiums or COI for the new policy won't be waived.</li><li>• If the original policy contained the Owner waiver benefit, the new policy won't include that benefit.</li></ul>
Benefit expiry	<ul style="list-style-type: none"><li>• Policy anniversary nearest the insured person's 55<sup>th</sup> birthday — or once the maximum number of elections have been made.</li><li>• Costs are payable until benefit expiry.</li></ul>



**DID YOU KNOW?** Changing Client circumstances often mean a change in insurance needs. GIB allows Clients to purchase new life insurance on special events such as marriage or the birth of a child without providing evidence of insurability.

## Business value protection benefit (BVPB)

BVPB has been designed specifically for business owners and allows the purchase of additional insurance for the insured person at their attained age without providing medical evidence of insurability.

Issue ages	<ul style="list-style-type: none"><li>• 18 - 65</li></ul>
Minimum option amount	<ul style="list-style-type: none"><li>• \$250,000</li></ul>
Maximum option amount	<ul style="list-style-type: none"><li>• \$2,500,000 across all Sun Life policies.</li><li>• Cumulative maximum equal to the lesser of \$10,000,000 or four times the option amount.</li></ul>
Availability	<ul style="list-style-type: none"><li>• Single life policies only.</li><li>• Not available if the Owner waiver or GIB have been selected.</li><li>• Not available after issue or for substandard risks.</li></ul>
Purchasing new insurance	<ul style="list-style-type: none"><li>• Annual options are available at each policy anniversary for the first 10 policy years.</li><li>• Applications for new insurance must be made within 31 days of each policy anniversary.</li></ul>
The new insurance	<ul style="list-style-type: none"><li>• Based on attained age.</li><li>• May be any term or permanent life insurance policy offered by Sun Life at the time the option is exercised, subject to product minimums.</li><li>• If the original policy contained a TDB the Client may apply for a new policy with TDB if it's available and the insured isn't totally disabled and having costs waived at the time of election.</li><li>• If the insured is disabled at the time the option is exercised, they must select a new policy and any premiums or COI for the new policy won't be waived.</li></ul>
Financial evidence	<ul style="list-style-type: none"><li>• When each option is exercised financial information about the business must be provided that includes details about the fair market value of the business to demonstrate the amount of insurance being applied for, and already inforce, can be justified.</li><li>• An option can only be exercised if the value of the insured person's share of the business has increased since the BVPB was issued.</li></ul>
Benefit expiry	<ul style="list-style-type: none"><li>• The earlier of 10 years from policy issue or once all options have been exercised.</li><li>• Costs of insurance are payable until benefit expiry.</li></ul>



**TIP!** The Business value protection benefit makes it easier for business owners to increase their life insurance without medical evidence when their share of the business grows in value.

## Term insurance benefit (TIB)

The Term insurance benefit is cost-effective, renewable and convertible term life insurance that meets Clients' temporary protection needs—for their family or business.

Issue ages	Base life	Additional life
	<ul style="list-style-type: none"> <li>• T10                    18 - 75</li> <li>• T15                    18 - 70</li> <li>• T20                    18 - 65</li> <li>• T30                    18 - 55</li> </ul>	<ul style="list-style-type: none"> <li>0 - 75</li> <li>0 - 70</li> <li>0 - 65</li> <li>0 - 55</li> </ul>
	If the base insured exceeds his or her maximum issue age, the additional life is still eligible to apply for TIB.	
Availability	<ul style="list-style-type: none"> <li>• Single life plans: available for the primary life and one additional life.</li> <li>• Joint life plans: available on each joint life. Each joint life can also have a TIB on one additional life.</li> <li>• Only single life TIBs are available.</li> <li>• Available after issue, subject to underwriting.</li> </ul>	
Benefit expiry	<ul style="list-style-type: none"> <li>• Policy anniversary nearest the insured person's 85<sup>th</sup> birthday, or 85<sup>th</sup> birthday of the oldest life insured.</li> </ul>	
Benefit minimum	<ul style="list-style-type: none"> <li>• \$50,000</li> </ul>	
Benefit maximum	<ul style="list-style-type: none"> <li>• Benefit maximum is \$25 million, minus the base UL insurance amount.</li> </ul>	
Death of a base insured	<ul style="list-style-type: none"> <li>• Coverage for any remaining term insurance benefits may continue.</li> </ul>	
Convertible	<ul style="list-style-type: none"> <li>• All or part of the TIB death benefit is convertible to permanent insurance without additional medical evidence.</li> <li>• Convertible to the policy anniversary nearest the insured's 75<sup>th</sup> birthday.</li> <li>• If converted while costs are being waived due to disability, premiums or costs of insurance for the new permanent coverage are no longer waived.</li> <li>• If the costs for this benefit are being waived due to disability on the final conversion date, the TIB may be converted and premiums or costs of insurance for the new permanent coverage are waived, as long as disability continues.</li> </ul> <p>May convert a T10 or a T15 to: a T20 or T30 without providing additional medical evidence. May convert before the earlier of:</p> <ul style="list-style-type: none"> <li>– the 7<sup>th</sup> policy anniversary, or</li> <li>– the policy anniversary nearest the insured's 65<sup>th</sup> birthday for T20 and 55<sup>th</sup> birthday for T30.</li> </ul>	

# Policy lapse and reinstatement

A SunUniversalLife II policy lapses if, on a monthly anniversary date, the policy fund value, plus any guaranteed cash values, less outstanding loans, including interest is less than the next month's cost of insurance. When a policy is in a lapse situation, we'll send the policy owner a shortage notice to pay the outstanding cost of insurance within a grace period of 31 days.

In the event of a lapse, the policy owner can apply to put the policy back in force — referred to as reinstatement — within two years of termination, subject to new evidence of insurability.

The policy owner also needs to repay:

- all the outstanding monthly COI plus interest from the date of lapse to the date of reinstatement,
- an amount equal to the monthly COI on the reinstatement date multiplied by two if paying monthly and 12 if paying annually and,
- any applicable premium tax.

Additional rules apply for reinstatement while disabled. Please refer to the policy.

# Administrative information

## Claims

You may assist a beneficiary in making a claim by calling 1-877-272-2020 to request claim forms. Those making the claim must provide any information needed to assess the claim including proof of the insured person's death and verification of the insured person's age.

## Transaction fees

The first four transactions per year are free to the policy owner. After that, the following transactions are charged \$50:

- investment account mix change
- COI withdrawal order change
- change in COI or death benefit option
- policy loan or cash withdrawal
- increases or decreases to the amount of insurance
- adding or deleting an optional benefit
- change to non-smoker rates
- rating changes
- change in EDB percentage

We may charge a fee for policy transactions or policy changes that are not listed. The maximum fee charged at any time is \$50 per transaction.

## Product disclosure requirements

You're responsible for providing Clients with a copy of the SunUniversalLife II Client guide (810-4554). Other important product disclosure information, including sample policy pages, can be found on Sun Life's advisor website.

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## Where to go for more information

For more information on the features and benefits of SunUniversalLife II, contact your Sales Director or refer to Sun Life's advisor website.

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## Why choose sun life?

Sun Life is a leading international financial services organization. In Canada, we started selling life insurance in 1871. Since then, our commitment to helping people achieve lifetime financial security through market leading products, expert advice and innovative solutions has made us a household name—a name that people trust.

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## Did you know?

In the fall of 2018 we launched the Lumino Health network. Sun Life created the platform as a commitment to helping Canadians live healthier lives. As Canada's premier network of health resources, [LuminoHealth.ca](https://LuminoHealth.ca) helps Canadians find healthcare providers near them in seconds and access resources and innovations to live healthier lives. In 2019, Lumino Health was awarded the "Reinventor" award by PWC for their innovative and industry-disrupting platform.



An innovation from  Sun Life

We help. You grow.

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