



# SunUniversalLife

CLIENT GUIDE



Life's brighter under the sun





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This guide provides you with an overview of **SunUniversalLife**. It summarizes many of the product's features and benefits, but isn't part of your **SunUniversalLife** policy.

**SunUniversalLife** provides permanent life insurance protection to meet your long-term needs plus the opportunity for tax-preferred growth in savings. It's designed for people like you who want security, diversified investment opportunities, guarantees and greater flexibility. This flexibility allows you to customize your policy when you first purchase it and adjust it as your needs change in the future.

## A SMART SOLUTION

**SunUniversalLife** offers two key financial planning tools in one product. It provides permanent life insurance protection to meet your long-term needs, while allowing for tax-preferred growth in savings.

Unlike other types of insurance, universal life is quite flexible and can change as your needs change in the future. That means you're in control of your investment account options. You can change your beneficiary, your payment amount, the way your cost of insurance (COI) is determined, your investments and, with satisfactory evidence of insurability, you can change who is covered under your policy. You can also withdraw cash or take an advance in the form of a policy loan.

Your advisor can meet with you on a regular basis to review your needs and help you select the features and options that fit your current situation.



### FACTS/INFORMATION

**Beneficiary** is the person or persons you name in writing to receive the death benefit.

**Cost of insurance (COI)** is the total cost to insure an individual and is based on factors like age, health, smoking status, policy insurance amount and benefits selected.

**Policy anniversary** is the month and day every year that is the same as your policy date (the start date of your insurance policy).

## MORE THAN PROTECTION

When you buy a **SunUniversalLife** policy, you're making an important financial decision. Whether you want extra retirement income or you wish to increase your estate value, choosing the right mix of investment account options is a key part of designing your policy to meet your needs and goals. In selecting the mix take into consideration your performance expectations, investment objectives, the amount of time you have to reach your goals and the level of risk you are prepared to accept.

- With **SunUniversalLife**, you have 42 account options including fixed-income accounts, accounts based on the return of certain market indices (index accounts) and managed funds (managed accounts).
- Our managed accounts are chosen from five well-established mutual fund companies.

For more information on your account options, please refer to the **SunUniversalLife** account fact sheets on [sunlife.ca](http://sunlife.ca) and the investment options booklet, available from your advisor.

Various factors can affect your policy's performance, including the:

- type of investment account(s) selected,
- rate of return of the selected investment accounts,
- timing and amount of payments and withdrawals,
- federal tax legislation,
- provincial income and premium taxes, and
- choice you make related to your investment bonus or no investment bonus.

In particular, interest rates and the performance of the securities markets can fluctuate significantly. Even a small change in any one of these factors may have a substantially positive or negative impact on your policy's fund values.



### CHECKLIST

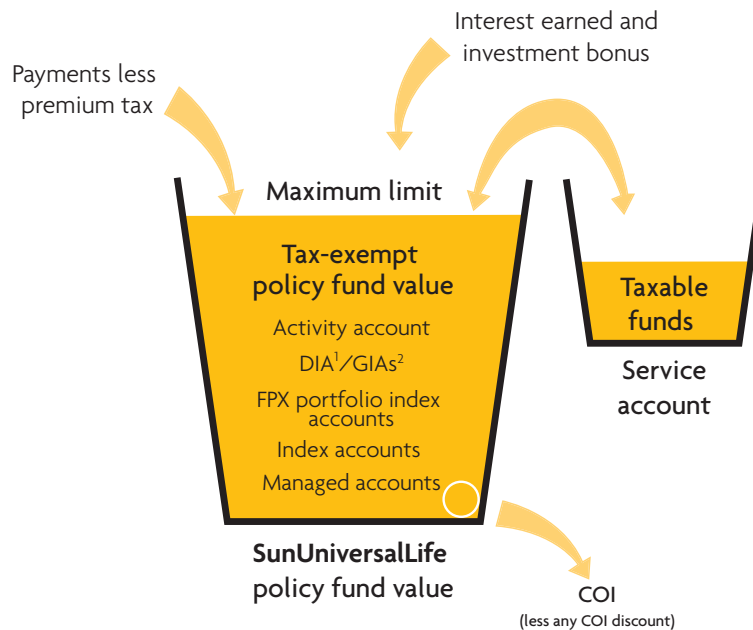
#### **SunUniversalLife – an ideal solution**

- Protect your family.
- Supplement your retirement income.
- Maximize your estate for your beneficiaries.
- Address your business planning needs.
- Enjoy more tax-preferred growth.
- Provide for your children and grandchildren.

## HOW YOUR POLICY WORKS

Think of your policy as a bucket.

- Money comes in, including your policy payments, interest earned and investment bonus (if selected).
- Money goes out each month for the cost of your insurance.
- The amount of money left in the bucket after monthly charges is the **fund value** of your policy.
- If the amount of money in the bucket exceeds the tax-exempt limit, the excess spills over into the taxable service account.



What's inside the bucket?

**An activity account** - it functions like a holding account until there's enough money to meet the minimum payment requirement (\$250) for each investment account you've chosen.

**Investment accounts** - they enable tax-preferred savings and interest earned – you can select one or more investment accounts when you apply for your insurance. You can change the investment account mix at any time.

When you put money into your **SunUniversalLife** policy, the provincial premium tax is deducted and the balance flows into the activity account.

Once the minimum payment requirement for each chosen account is met, the money is transferred to the investment accounts you've selected.

<sup>1</sup>Daily interest account.

<sup>2</sup>Guaranteed interest account.

Each month, the cost of insurance (COI) is deducted from your fund value. As well, your investment accounts are credited with interest, based on the performance of each option. Interest accumulates, filling the bucket with tax-preferred savings.

With **SunUniversalLife**, you have the freedom to stop or change your payments at any time, as long as the fund value in your policy can pay the monthly charges. This flexibility allows you to pay your COI with tax-preferred dollars.

If your payments plus investment account interest exceed the maximum allowable tax-exempt limit set by the Canada Revenue Agency, the excess funds may be refunded in cash or will overflow into a smaller adjacent bucket (service account). Earnings in the service account are taxable. It will be automatically re-directed into your investment accounts, as soon as there's sufficient tax-exempt room.

## TYPES OF COVERAGE

The exceptional flexibility to customize your **SunUniversalLife** coverages – both at the time you purchase your policy and once it's in force – means one policy can help meet your lifetime needs regardless of how your personal situation changes over the years. Some changes may require evidence of insurability.

**Single life** coverage insures one life and pays a tax-free benefit on the death of the insured person.

**Multiple life** coverage insures more than one person in a policy, allowing you to conveniently address the needs of your entire family or business. Multiple life coverage allows you to add, drop or substitute an insured person. The insured persons may convert their coverage to a new policy before the policy anniversary nearest their 65<sup>th</sup> birthday.

**Joint life** insures two or more people under one coverage. Depending on the type of joint coverage you choose, one tax-free benefit is paid out either on a first- or last-to-die basis.

### Joint first-to-die coverage (JFTD)

- It's an excellent solution for couples who want to make sure their family will be taken care of if one of them dies.
- It can also be a great solution in a business situation where the surviving partners need money to purchase the deceased partner's interest in the business.

### Joint last-to-die coverage (JLTD)

- Insures two people and on the second death, a tax-free death benefit is paid to the beneficiary.
- It can be a great solution for paying capital gains taxes when family assets are being transferred to the next generation.

### When your coverage begins

If you pay for your policy at the time you apply, you may receive immediate coverage under a certificate of temporary insurance while your application is being processed. The terms, conditions and exclusions of that temporary insurance are set out in the certificate. The instant the insurance you applied for becomes effective, coverage under the certificate would end.

If you don't pay at the time you apply and aren't covered under a certificate of temporary insurance, then your coverage won't be effective until:

- your policy is delivered,
- you make your first payment, and
- (when required) you've given us sufficient evidence that there's been no change in your insurability between the time you applied for insurance and the time your policy is delivered.

## COST OF INSURANCE (COI) OPTIONS

COI is the total cost to insure an individual. It's based on factors like age, health, smoking status, insured amount and benefits selected. There are two COI options:

Guaranteed yearly renewable term (YRT) COI	Guaranteed level COI
<ul style="list-style-type: none"><li>• Ties the COI to the actual age of the insured person each year – as the insured person grows older, the annual COI rate increases.</li></ul>	<ul style="list-style-type: none"><li>• Fixes the COI based on the age of the insured person at the time the coverage is issued.</li></ul>
<ul style="list-style-type: none"><li>• The rate is set for each year when the policy is first purchased and is guaranteed not to change unless you alter your policy.</li></ul>	<ul style="list-style-type: none"><li>• COI remains constant, effectively spreading the cost over the life of the coverage.</li></ul>
<ul style="list-style-type: none"><li>• Minimizes the insurance cost in the early years (allowing more of your payments to go to the policy fund and increasing the potential for higher compounded, tax-preferred growth) but generally will cost more over the life of the coverage.</li></ul>	<ul style="list-style-type: none"><li>• Costs more than YRT in the early years, but tends to result in a lower overall total cost.</li></ul>
<ul style="list-style-type: none"><li>• Allows you the flexibility to switch to guaranteed level COI, without providing evidence of insurability, with the new rates based on the insured person's age at the time of the change.</li></ul>	<ul style="list-style-type: none"><li>• Is the preferred option for building higher long-term values.</li></ul>

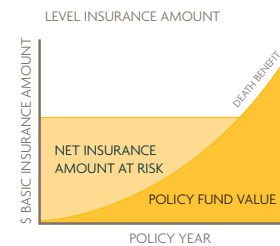


## DEATH BENEFIT OPTIONS

**SunUniversalLife** insurance provides four death benefit options. Your advisor can help you select the option that best meets your needs. You can change options, but, if the insurance amount is increased, additional evidence of insurability may be required.

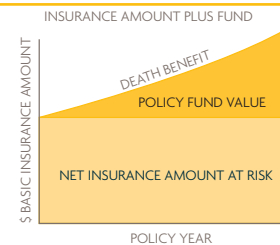
### Level insurance amount

With this option, the death benefit amount remains the same for the life of your policy. It's the most cost-effective option if your insurance need is fixed.



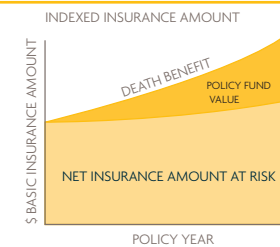
### Insurance amount plus fund

If you want your insured amount to increase over time, this is a good option. The accumulating fund value in your policy can be used to increase the death benefit.



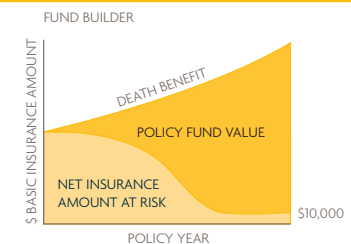
### Indexed insurance amount

Keep up with inflation by ensuring the death benefit amount your beneficiary receives will have the same purchasing power as the insurance amount of the policy you purchased. It can be indexed at a fixed rate, or in accordance with the Consumer Price Index.



### Fund builder

If you want to minimize the insurance cost and maximize the tax-preferred growth of funds inside your policy, this is a good option. The death benefit is the insurance amount plus the accumulated fund value. After five years, the insurance amount can be reduced, without risking your policy's tax-exempt status.



### DID YOU KNOW?

#### Change in insurability

We may need you to provide us with evidence of any change in your health or insurability that takes place between the time you apply for insurance and the time your policy is delivered.

## ACCESSING THE CASH WITHIN YOUR POLICY

**SunUniversalLife** offers the flexibility to help meet your lifetime needs by providing access to your policy's cash surrender value.

### **Borrowing money from your policy**

You can take a loan from your policy if there's enough value in the policy. The policy loan interest rate in effect at the time of the loan request will be used. The death benefit will be reduced by the amount of any outstanding loans.

The maximum policy loan amount = up to 100% of the cash surrender value  
Less: surrender charges  
Less: market value adjustment  
Less: one year's policy loan interest  
Less: existing loans with interest

### **Cash withdrawals from your policy**

You can make a withdrawal your policy's cash surrender value if there's enough value in the policy.

- A surrender charge applies within the first 10 policy years if the resulting cash surrender value drops to zero.
- You must specify at the time you purchase your policy in what order you'd like the money to be taken from your investment accounts. You can't change this withdrawal order after you've received your policy.
- If you don't specify which investment accounts to take the withdrawal from, the withdrawal will be taken proportionally from each account based on each account's balance when the withdrawal is made.
- If you have any value in your service account, all cash withdrawals will be taken from this account first.

### **Surrendering your policy (cancelling your policy)**

If you cancel your policy, the total cash surrender value will be returned to you less any outstanding policy loans, any premiums payable and any surrender charges that apply. Your policy's cash surrender value of your policy is equal to the total of all investment accounts, less any management fees due and any applicable surrender charges.

## SURRENDER CHARGES

If you cancel or partially cancel your **SunUniversalLife** policy on or before the 10<sup>th</sup> policy anniversary, a surrender charge will apply.

The surrender charge applied is a multiple of the basic insurance benefit's insurance factor and will never be more than your policy fund value available.

The surrender charge multiples for each policy year are:

Number of years in-force	Surrender Charge Multiple	
	SunUniversalLife	SunUniversalLife Max
1	1	2
2	2	4
3	3	4
4	3	4
5	3	4
6-8	3	3
9	2	2
10	1	1
11+	0	0

If the policy is surrendered on a date other than the policy anniversary, the surrender charge multiple will be pro-rated based on the number of whole months in-force between policy anniversaries.



### FACTS/INFORMATION

**Insurance factor** is equal to 100% of the level cost of insurance, plus any multiple-ratings charged at the actual cost of insurance (Level or YRT as the case may be). This definition applies even if the yearly renewable term cost of insurance option is selected.

## INVESTMENT ACCOUNTS

You can choose the type of investment for your policy fund value. The investments available can meet the needs of the most conservative to the most aggressive investors, giving you control.

The following types of investments are available:

<p><b>Daily Interest Account (DIA)</b></p>	<p>It's similar to a savings account. Interest is calculated daily 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.</p>
<p><b>Guaranteed Interest Accounts (GIA)</b></p>	<p>Guaranteed Interest Accounts are available for 1, 3, 5, 10 and 20 year terms to meet your short, medium and long-term needs. The minimum guaranteed interest rate will never be less than 90% of the effective yield on Government of Canada Bonds with the same term and effective date as the GIA, less 1.75%. You are also guaranteed to never lose your principal in the GIA. The absolute minimum interest rates are 0% for the 1 and 3 year terms, 0.5% for the 5 year term, 1.5% for the 10 and 20 year terms.</p>
<p><b>Accounts based on the performance of indices</b></p>	<p>These accounts reflect the performance of the indices on which they are based. When you select these accounts, you don't acquire an interest in the designated market index or purchase units or legal interest in any security. Since the underlying indices can increase or decrease, the applicable interest rate can be positive or negative. There are 11 underlying indices to choose from and management fees will vary depending on the option selected and whether the investment bonus was selected.</p>
<p><b>Accounts based on the performance of managed funds</b></p>	<p>These accounts reflect the performance of the mutual fund the account is linked to. When you select these accounts, you don't acquire an interest in the designated fund or purchase any units or legal interest in the security. Since the performance of the underlying mutual fund can fluctuate, the interest earned can be positive or negative. There are 25 underlying mutual funds to choose from and management fees will vary depending on the option selected and whether the investment bonus was selected.</p>

The minimum amount that you can transfer into an investment account is \$250. If the investment mix you choose contains more than one investment account, the payment must be large enough so that each investment mix percentage equals at least \$250. If the minimum opening balance isn't met for each and every investment account, all of the funds will be left in the activity account until each minimum balance has been reached.

## INVESTMENT BONUS OPTION – IT’S YOUR CHOICE

You can choose either: investment bonus option with COI discount, or no investment bonus option with lower fees. Talk with your advisor.

Investment bonus option with COI discount	No investment bonus option
<ul style="list-style-type: none"> <li>• Designed to help build your policy’s savings and earning power.</li> <li>• Starts on your policy’s second anniversary and pays 0.40% of the average of the previous 12 months’ average monthly policy fund values.</li> </ul> <p>The unique COI discount starts after your policy’s first anniversary. It’s based on your age at purchase and your funding level. It can reduce the total cost of your base coverage by up to 20%. The more you fund, the greater the discount. Ask your advisor to explain the COI discount schedule.</p>	<ul style="list-style-type: none"> <li>• Designed with lower <b>SunUniversalLife</b> management fees for faster growth in your investment accounts.</li> <li>• Provides higher credited guaranteed interest on your fixed income options.</li> <li>• No COI discount.</li> </ul>

### TIPS

#### Your advisor can help

Your advisor can review a **SunUniversalLife** illustration with you. Make sure you understand how the actual and projected policy fund values can vary over time, depending on the assumptions used. We want you to make an informed decision to buy **SunUniversalLife** for all the right reasons.

Ask your advisor to walk you through **Investing Comfortably – Your Guide to a Customized Investment Portfolio**.

## VALUE-ADDED BENEFITS

These value-added benefits provide even more flexibility and security – at no additional cost to you.

**Early death benefit (EDB)** – the EDB feature can be used to provide valuable tax-free access to the policy fund value for the survivor with joint last-to-die (JLTD) coverage. For example, on the death of the first insured person, you can access the policy fund to assist with financial needs. The reduced death benefit will still be paid to the beneficiary on the second death.

**Survivorship benefit** – this benefit is available on joint first-to-die (JFTD) coverage only. In addition to the death benefit payout, we will provide each survivor with 31 days of free convertible term insurance equal to the original joint coverage amount. This allows the survivors to remain covered while they decide to buy a new policy or convert to another policy.

**Living benefit** – a compassionate response to a client’s terminal illness – if the insured person has a terminal illness and has less than 12 months to live, this benefit provides a lump-sum loan payment of 50% of the policy face amount (up to \$100,000) to use as needed. It’s offered on a compassionate basis at our sole discretion and is subject to the rules of the living benefit program in effect at the time of the request.

**Withdrawals from the policy fund due to disability** – You may make one withdrawal from your policy fund each time an insured person becomes disabled by illness or injury as defined in the policy. You don’t qualify for this benefit if the disability is directly or indirectly caused by or associated with the insured person committing or attempting to commit a criminal offence.

The maximum amount you may withdraw = the balance in your activity account plus the total of all investment accounts including accumulated interest

Less: surrender charges

Less: existing loans with interest

Less market value adjustment

Less: cost of insurance charges for  
the next 12 months

Less: a claim assessment fee

## CUSTOM-DESIGN YOUR POLICY

Your **SunUniversalLife** policy offers a broad range of features, benefits and flexible options so you can tailor your policy to your specific needs.

- **5- and 10- and 20-year renewable term benefits**

Your need for life insurance may vary as family and business circumstances change. If you qualify, you can add a term insurance benefit when you purchase your policy or after it's in force to get more coverage for a specific period and need. It's also a great way to increase the tax-exempt room inside your policy.

- **Accidental death benefit (ADB)**

ADB is an inexpensive way to increase the amount of death benefit if the insured person dies as the result of an accident.

- **Total disability benefit (TDB)**

This benefit is designed to ensure that your life insurance and savings objectives aren't jeopardized if the insured person can't work because of an injury or illness. Depending on the option chosen, we will waive the monthly cost of insurance (COI) or add a pre-determined savings amount to your policy fund.

- **Owner's disability/death benefit**

If the owner is other than the insured person, this benefit allows the owner to ensure continued funding of the policy by providing insurance protection if they die or become disabled. Similar to the TDB benefit, we will waive the monthly cost of insurance or add a pre-determined savings amount to the policy fund if the owner dies or becomes disabled.

- **Guaranteed insurability benefit (GIB)**

GIB guarantees the option of purchasing additional life insurance every three years or on major family events like marriage, childbirth, adoption, etc., without further evidence of insurability.

- **Executive guaranteed insurability benefit (EGIB)**

Similar to GIB, EGIB is ideal for businesses. You choose when and how much you want the coverage to increase (minimum \$250,000) on each designated insured person, without submitting evidence of insurability.

- **Coverage death benefit (CDB)**

Available on Joint last-to-die policies, CDB ensures that after the death of one of the insured persons, coverage will continue for the survivor without having to pay the future COI.

## Why choose Sun Life Financial?

Sun Life Financial 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.

For the fifth straight year, we were voted by Canadians as the “Most Trusted Life Insurance Company” in the Reader’s Digest 2014 Trusted Brands Survey. In this survey, people were asked to consider whether the brands possessed several attributes including superior quality, excellent value, an understanding of its customers’ needs and whether they would recommend the brand to others. We’re honoured by this award and your continued trust in us.



*Questions? We're here to help.*

Talk with your advisor about Sun Life Financial today!  
For more information and resources visit [www.sunlife.ca](http://www.sunlife.ca) | Call 1 877 SUN-LIFE / 1 877 786 5433

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