Annuity Contracts *for*

Clarica Portfolio Contracts

Sun Life Assurance Company of Canada

August 2004

Segregated Funds

Funds with no-load and DSC class A units

Clarica SF Alpine Canadian Resources Fund
Clarica SF Alpine Growth Equity Fund
Clarica SF Canadian Blue Chip Fund
Clarica SF Canadian Diversified Fund
Clarica SF Canadian Equity Fund
Clarica SF Canadian Small/Mid Cap Fund
Clarica SF CI Asian and Pacific Fund
Clarica SF CI Canadian Balanced Portfolio
Clarica SF CI Canadian Conservative Portfolio
Clarica SF CI Canadian Income Portfolio
Clarica SF CI Emerging Markets Fund
Clarica SF CI European Fund
Clarica SF CI Global Balanced Portfolio
Clarica SF CI Global Conservative Portfolio
Clarica SF CI Global Fund
Clarica SF CI Global Growth Portfolio
Clarica SF CI Global Maximum Growth Portfolio
Clarica SF CI International Balanced Fund
Clarica SF CI Money Market Fund
Clarica SF CI Pacific Fund
Clarica SF CI Short-Term Bond Fund
Clarica SF CI Signature Canadian Balanced Fund
Clarica SF CI Signature Corporate Bond Fund
Clarica SF CI Synergy American Momentum Fund
Clarica SF CI Value Trust Sector Fund
Clarica SF Fidelity Canadian Asset Allocation Fund
Clarica SF Fidelity Growth America Fund
Clarica SF Fidelity True North® Fund
Clarica SF Global Bond Fund
Clarica SF Growth Fund
Clarica SF Premier Bond Fund
Clarica SF Premier CI Value Trust Sector Fund
Clarica SF Premier Income Bond Fund
Clarica SF Premier International Fund
Clarica SF Premier Mortgage Fund
Clarica SF Summit Canadian Equity Fund
Clarica SF Summit Dividend Growth Fund
Clarica SF Summit Foreign Equity Fund
Clarica SF Summit Growth and Income Fund
Clarica SF Trimark Balanced Fund
Clarica SF Trimark Canadian Equity Fund
Clarica SF Trimark Discovery Fund
Clarica SF Trimark Global Equity Fund
Clarica SF US Small Cap Fund

CLARICA
distributed by Clarica Financial Services Inc.

CI Funds
managed by CI Mutual Funds Inc.

Sun Life Financial
issued by Sun Life Assurance Company of Canada

We, Sun Life Assurance Company of Canada ("Sun Life"), agree with you, the Policyholder, to pay the benefits of this Policy in accordance with its provisions.

The following gives full details of your rights under this Policy.

SUBJECT TO ANY APPLICABLE DEATH AND MATURITY GUARANTEE, ANY PART OF THE PREMIUM OR OTHER AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND IS INVESTED AT THE RISK OF THE POLICYHOLDER AND MAY INCREASE OR DECREASE IN VALUE ACCORDING TO FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS OF THE SEGREGATED FUND.

Kevin P. Dougherty
President,
Canadian Operations

Peter W. Glaab
Vice-President,
Retail Wealth Management

Signed at Head Office, Toronto, Ontario

Sun Life Assurance Company of Canada
150 King Street West, Toronto, Ontario M5H 1J9

CI Mutual Funds Inc.
CI Place, 151 Yonge Street, Eleventh Floor, Toronto, Ontario M5C 2W7

Part A – Definitions

Annuitant means the life insured named on the application. The Annuitant cannot be changed after this Policy is established. The Annuitant may be the Policyholder or any other person. For trust policies, the Annuitant must be the trust beneficiary.

Beneficiary means the person or estate you designate to receive any benefits under this Policy arising from the Annuitant's death.

Business Day means any day that The Toronto Stock Exchange and CI's head office are open for business.

CI means CI Mutual Funds Inc., whose head office is CI Place, 151 Yonge Street, Eleventh Floor, Toronto, Ontario, M5C 2W7, which has been appointed by Sun Life to perform administrative and management services on its behalf in relation to the Segregated Funds and this Policy, and includes any successor of CI Mutual Funds Inc. by law or by due appointment. In this Policy, references to CI are to CI acting on behalf of Sun Life, unless indicated otherwise.

Clarica agent means an agent responsible for distributing and servicing Clarica Portfolio investments following the amalgamation of Sun Life Assurance Company of Canada and Clarica Life Insurance Company on December 31, 2002.

Contingent Owner means the person named as contingent owner on the application for this Policy. A contingent owner will become the Policyholder upon the original Policyholder's death. If a Contingent Owner is not named, the original Policyholder's estate will become the new Policyholder upon the original Policyholder's death.

DSC Class A means the class of a Segregated Fund that charges a deferred sales charge.

Fiscal Year means each year ending December 31 and will not exceed 12 months.

Market Value means the value of the units of a Segregated Fund allocated to this Policy on a Business Day. It is equal to the unit value of that Segregated Fund on the applicable valuation day multiplied by number of units applicable to this Policy.

No-Load Class means the class of a Segregated Fund that does not charge a deferred sales charge.

Policy Maturity Date means at the end of the year in which the Annuitant turns age 100.

Segregated Funds means the Clarica SF Segregated Funds available under this Policy. The assets of the Segregated Funds are held separate and distinct from the general assets of Sun Life and the value of the Segregated Funds will fluctuate. Each Segregated Fund contains a No-Load Class and a Deferred Sales Charge ("DSC") Class A.

Total Policy Value means the greater of the Market Value and the Guaranteed Minimum Value (if applicable) (as defined below) of all the Segregated Funds units allocated to this Policy.

Part B – Policy Provisions

CONTRIBUTIONS

1) You may make contributions at any time while this Policy remains in force unless CI notifies you to the contrary.
2) CI has the right to change the minimum contribution amounts from time to time.
3) CI can reject your contribution provided it makes that decision within one Business Day after receiving your contribution. If CI rejects your contribution, CI will return the contribution to the original institution immediately, without interest.
4) You may direct CI to apply the contribution to purchase units of the No-Load Class or DSC Class A of one or more Segregated Funds. You may provide the direction in writing or provide your Clarica agent the direction by telephone or other electronic means. If you choose one of these methods other than in writing, CI must have a way of verifying your request.
5) You must specify the amount to be allocated to each Segregated Fund. If there are no investment allocation directions or the investment allocation amount does not equal the total contribution amount, CI will apply the contribution or the difference between the contribution and allocation amount to the Clarica SF CI Money Market Fund.
6) The number of units in a Segregated Fund will increase each time you direct CI to purchase units of that Segregated Fund.
7) If CI receives the contribution at its head office by 4:00 p.m. on a Business Day, CI will use the unit value determined for the Segregated Fund at that day's close of business. If CI receives the contribution after 4:00 p.m. on a Business Day, CI will use the unit value determined at the close of the next Business Day. Refer to "Operation of Segregated Funds" of this Policy for details.

SURRENDERS

1) You may direct CI in writing to surrender the Total Policy Value or some of the units allocated to this Policy in the Segregated Fund at any time while this Policy remains in force. Surrender includes transfers to another financial institution.
2) The Total Policy Value will be adjusted to reflect partial or full surrenders.
3) You may request the surrender either in writing or provide your Clarica agent the direction by telephone or other electronic means. If you choose one of these methods other than in writing, CI must have a way of verifying your request.
4) Any surrender request must be for a minimum of $100.
5) After CI surrenders all the Segregated Fund units allocated to this Policy, your Policy terminates automatically.
6) If the Total Policy Value immediately after the surrender is less than $500, CI has the right to surrender all the Segregated Fund units allocated to this Policy. Your Policy then terminates automatically.
7) You must provide CI direction outlining from which Segregated Fund the surrender should be withdrawn.
8) If CI receives your direction to surrender the units allocated to this Policy in the Segregated Fund at its head office by 4:00 p.m. on a Business Day, CI will surrender the Segregated Fund units at the unit value determined at that day's close of business. If CI receives your surrender direction after 4:00 p.m. on a Business Day, CI will surrender the Segregated Fund units at the unit value determined at the close of the next Business Day. If the surrender is on or after a Contribution Maturity Date (as defined below), CI will pay the greater of the Guaranteed Minimum Value (as defined below) and Market Value of those Segregated Fund units. Refer to "Operation of Segregated Funds" of this Policy for details.
9) CI will surrender the units in a Segregated Fund allocated to this Policy that are in the fund the longest.

The unit value is not guaranteed but fluctuates with the investment performance of the Segregated Fund assets.

TRANSFER BETWEEN SEGREGATED FUNDS

1) You may direct CI to transfer an amount from one Segregated Fund to another Segregated Fund available under this Policy. You may not transfer an amount from one class to another class of a Segregated Fund. You may request the transfer in writing, or provide your Clarica agent the direction by telephone or other electronic means. If you choose one of these methods other than in writing, CI must have a way of verifying your request.
2) Transfer directions received at CI's head office will be processed on the applicable Business Day as follows: Transfer directions received by 4:00 p.m. on a Business Day will be processed by that day's close of business. Those received after 4:00 p.m. on a Business Day will be processed at the close of the next Business Day.
3) CI will surrender the applicable number of units from one fund and purchase the applicable units of the other fund at the unit value of each fund on the applicable Business Day. Refer to "Operation of Segregated Funds" of this Policy for details.

The unit value is not guaranteed but fluctuates with the investment performance of the Segregated Fund assets.

GUARANTEE FOR SEGREGATED FUNDS

Definitions in this section:
Contribution Set Date means January 1 of the year a contribution is made. A Contribution Set Date applies to all your contributions adjusted for surrenders that have been allocated to the Segregated Funds during the calendar year for the purpose of determining the Contribution Maturity Date and Guaranteed Minimum Value.

Contribution Maturity Date means January 1 ten years after the Contribution Set Date. You may have a Contribution Maturity Date every year since it is related to the Contribution Set Date.

Guaranteed Minimum Value means an amount that Sun Life guarantees to return to you on or after the Contribution Maturity Date or on the death of the Annuitant, whichever occurs first. Refer to "Death Benefit" of this Policy for details. In the event of a surrender, it is 75% of your contributions (including any growth locked in by virtue of prior resets) established on each Contribution Set Date adjusted for surrenders. In the event of the Annuitant's death before the Annuitant turns age 69, it is 100% of your contributions (including any growth locked in by virtue of prior resets) adjusted for surrenders. If the Annuitant dies where the Annuitant is 69 or older, Sun Life guarantees to pay your Beneficiary 75% of your contributions (including any growth locked in by virtue of prior resets) adjusted for surrenders.

Policy and the Guarantee

Sun Life provides the Guaranteed Minimum Value on contributions allocated to the Segregated Funds of your Policy on or after the Contribution Maturity Date or upon receipt at CI's head office of notification of the Annuitant's death.

Reset of Contribution Set Date

1) You are entitled to realize any growth in the unit value of the Segregated Funds allocated to your Policy in order to increase the contribution guarantee we provide.
2) By doing so, you can direct CI to establish a new Contribution Set Date once a year up to the end of the year in which the Annuitant turns age 69. You may first request a new Contribution Set Date in the year following the Policy establishment. The new Contribution Set Date will be January 1 of the year in which you give us the direction. The new Contribution Set Date will apply to all the contributions adjusted for surrenders that you have made in previous years. The new Contribution Maturity Date is the new Contribution Set Date plus ten years.

3) CI will calculate a new amount to determine the guarantee on your new Contribution Maturity Date and the death benefit to which your Beneficiary will be entitled. The new amount is the Market Value of all of the Segregated Fund units allocated to your Policy on the date the change is made; provided that if the change occurs on or after the original Contribution Maturity Date, the new amount is the greater of (a) the Market Value of the Segregated Fund units attributed to all Contribution Set Dates that have reached their Contribution Maturity Dates on the date the change is made and (b) the Guaranteed Minimum Value of your contributions (including any growth locked-in by virtue of prior resets) attributed to all Contribution Set Dates that have reached their Contribution Maturity Dates, adjusted for surrenders, plus the Market Value of the remainder of the Segregated Funds that have not reached their Contribution Maturity Date on the date the change is made.

Guarantee During the Closing Decade

If you apply your contribution to purchase units of a Segregated Fund allocated to your Policy in the last ten years prior to the Policy Maturity Date, CI will pay the greater of the Guaranteed Minimum Value and the Market Value of the applicable Segregated Funds on the Policy Maturity Date as if those contributions have reached their Contribution Maturity Date.

Transfer Between Segregated Funds and the Guarantee

Transfers between Segregated Funds in your Policy have no impact on the Contribution Maturity Date or the Guaranteed Minimum Value.

Transfer to the Clarica Portfolio RSP

If you transfer the money from this Policy to the Clarica Portfolio RSP as a cash contribution, the Contribution Maturity Date from this Policy will automatically apply to the RSP unless you instruct CI otherwise.

Surrenders and the Guaranteed Minimum Value

1) The Guaranteed Minimum Value is reduced after each surrender of Segregated Fund units allocated to your Policy. CI will calculate the amount of reduction by multiplying the Guaranteed Minimum Value prior to the surrender by the ratio of the total amount of the surrender to the value of your Segregated Fund units prior to the surrender.
2) If CI receives at its head office by 4:00 p.m. on a Business Day your direction to surrender Segregated Fund units allocated to your Policy, CI will surrender such units at the unit value determined at that day's close of business. If CI receives your direction after 4:00 p.m. on a Business Day, CI will surrender such units at the unit value determined at the close of the next Business Day. The reduction is applied to the earliest Contribution Set Date in your Policy.
3) If you direct CI to surrender units of a Segregated Fund allocated to your Policy on or after a Contribution Maturity Date, CI shall pay you the Guaranteed Minimum Value or the Market Value of those Segregated Fund units, whichever is greater.
4) If you direct CI to surrender units of a Segregated Fund allocated to your Policy prior to the Contribution Maturity Date, CI shall pay you the Market Value of those Segregated Fund units.

Refer to "Surrenders" and "Operation of Segregated Funds" of this Policy for details.

OPERATION OF SEGREGATED FUNDS

Classes of Funds
CI will manage the No-Load Class and DSC Class A of a Segregated Fund as one pool of assets. Each class may have its own unit value as a result of different management fees and other expenses. Refer to "Management Fees", "Deferred Sales Charge on a Segregated Fund" and "Other Fees" of this Policy for details.

Valuation Day
CI will value the units of each class of the Segregated Funds each Business Day for the purposes of purchase and surrender of units.

Unit Value
CI calculates the unit value of each class of each fund by using the total value of a fund's assets allocated to the class, minus all of the fund's liabilities allocated to the class, divided by the number of units in the class. The total asset value of a Segregated Fund includes cash and the value of the units of the underlying mutual fund established at the close of a valuation day.

The unit value is not guaranteed but fluctuates with the investment performance of the Segregated Fund assets.

Fund Availability

CI has the right to discontinue any Segregated Fund or any class of a Segregated Fund in which you hold units upon providing at least 60 days advance notice to you. The advance notice will specify the options available to you, the automatic default option and the effective date of the discontinuance. You may direct CI to surrender the units of the discontinuing Segregated Fund allocated to your Policy prior to the effective day of the discontinuance. If you do not direct CI to transfer the amounts of the discontinued fund to another fund or surrender the units of the discontinued fund by the effective date, CI will automatically transfer the value of the units of the discontinued fund to the automatic default option on that day. Refer to "Surrenders" and "Operation of Segregated Fund" of this Policy for details. CI also has the right to merge and to partition funds in which you hold units upon providing 60 days advance notice to you.

Tax Reporting on Fund's Income

1) CI will allocate income earned by each Segregated Fund to you on an annual basis. The allocation is based on a unit day participation factor of each class of each fund. Unit day participation refers to the number of days the units of a class applicable to your Policy are in the fund.
2) Income from the fund may include interest, dividends, foreign income and capital gains or losses. You will have to include the income in your income tax return.

Tax Reporting on Surrenders

Surrender of units from a Segregated Fund applicable to your Policy will trigger either a capital gain or capital loss. You will have to include the gain or loss in your income tax return.

Death Benefit

1) If the Annuitant dies before the Policy Maturity Date, CI will pay your Beneficiary a death benefit equal to the greater of the Guaranteed Mini mum Value and the Market Value of the Segregated Funds allocated to your Policy.
2) The Market Value is determined on the day CI receives written notice of the Annuitant's death and all required documents at its head office provided they are received by 4:00 p.m. on a Business Day. If CI receives the written notice of the Annuitant's death at its head office after 4:00 p.m. on a Business Day, the Market Value is determined on the following Business Day. Refer to "Surrenders" and "Guarantee for Segregated Funds" of this Policy for details.

Management Fees

1) Each class of Segregated Fund pays a management fee and other expenses. The management fee and other expenses include all management fees, insurance fees and other expenses charged by Sun Life, CI and the underlying mutual funds. The management fees are incurred in the ordinary course of the Segregated Fund operations. The other expenses include audit fees, taxes, interest expenses, bank charges, legal costs, unitholder administration costs and fund administration costs.
2) The management fee paid by a class of Segregated Fund is in addition to the management fee paid by the underlying mutual fund. However, the Segregated Fund management fee does not duplicate the fee and expenses being charged by the underlying mutual fund.
3) The management fee of the Segregated Fund is calculated daily and paid daily at an annualized percentage of the net asset value of the class of each Segregated Fund.
4) CI has the right to change the management fee applicable to a Segregated Fund class in which you hold units upon providing at least 60 days advance notice to you, subject to the terms set out under "Fundamental Changes" in this Policy.
5) Management fees include insurance fees for the cost of the guarantees provided by Sun Life. Sun Life may change, from time to time, the insurance fee applicable to any Segregated Fund or class in which you hold units by giving you at least 60 days prior written notice of the change. If the change results in an insurance fee that exceeds the insurance fee limit applicable at the time you purchased your Policy, you will receive the notice and rights described under "Fundamental Changes" in this Policy.

Fundamental Changes - General information

If CI or Sun Life wish to make any of the following fundamental changes to a Segregated Fund in which you hold units, CI will notify you at least 60 days prior to making the change:

- an increase in the management fee charged against the assets of any of the Segregated Funds in which you hold units;
- a change in the fundamental investment objective of any of the Segregated Funds in which you hold units;
- a decrease in the frequency with which CI values units of any of the Segregated Funds in which you hold units;
- an increase in the insurance fee charged by Sun Life against the assets of any of the Segregated Funds in which you hold units to an amount that is greater than 0.70% per annum.

Your rights in the event of a fundamental change

Should CI or Sun Life make one of the fundamental changes listed above to any of the Segregated Funds in which you hold units, you will have the right to:

- transfer the value of your units in the Segregated Fund affected by the fundamental change to a similar fund without incurring any redemption fees or similar charges; or
- if Sun Life does not offer a Segregated Fund similar to the fund affected by the fundamental change, redeem your units in the affected fund without incurring any redemption fees or similar charges.

Your right to elect either option is effective only if CI receives your election within 5 business days prior to the end of the 60 day notice period. During this 60 day notice period, you may not transfer to a Segregated Fund subject to a fundamental change from a fund which is not subject to a fundamental change unless you agree to waive the right to redeem without incurring redemption fees or similar charges.

Deferred Sales Charge Option

With this option, you pay a deferred sales charge if you surrender DSC Class A units of a Segregated Fund within seven years of buying them.

The deferred sales charges are calculated as a percentage of the original cost to you of the DSC Class A units that you surrender from your Policy. These charges apply to any surrender, except as provided below, within the first seven years following the date on which you acquired such units. The amount of the deferred sales charge decreases, the longer you own the units. The charge will be calculated beginning with the DSC Class A units acquired with the earliest contribution to your Policy. If you reset your guarantee or make transfers from one Fund to another, the age of your contributions will not be affected for deferred sales charge purposes.

Below is the fee schedule for the deferred sales charge option:

When Units are Surrendered	Percentage Charged
Within 1st year of DSC Class A purchase	5.5%
During 2nd year of DSC Class A purchase	5.0%
During 3rd year of DSC Class A purchase	4.5%
During 4th year of DSC Class A purchase	4.0%
During 5th year of DSC Class A purchase	3.0%
During 6th year of DSC Class A purchase	2.0%
During 7th year of DSC Class A purchase	1.0%
After 7th year of DSC Class A purchase	0.0%

CI deducts the amount of the deferred sales charge from the proceeds of the gross surrender amount. The deferred sales charge will not be applied to withdrawals or exchanges which occur as a result of the Annuitant's death.

Each calendar year you may surrender some of your DSC Class A Segregated Fund units without paying the deferred sales charge, regardless of when you bought your units. The available number of units are calculated as follows:

- 10% of the number of your DSC Class A units at the end of the previous calendar year that are subject to the deferred sales charge, plus
- 10% of the number of DSC Class A units purchased during the current calendar year, multiplied by the number of months remaining in the calendar year (including the month of purchase) divided by 12.

CI has the right to modify or discontinue this free surrender right at any time in its sole discretion on 60 days notice to you. Any such change will apply only to contributions made after expiry of the notice period.

Other Fees

CI has the right to charge the following fees:

1) A fee up to $25 for returned cheque or electronic transfer refused by your bank due to insufficient funds in your bank account.
2) A fee up to 2% of the value being transferred to another financial institution or between Segregated Funds within 60 days of your contribution.

ANNUITY INCOME BENEFIT

1) A monthly annuity income is payable by Sun Life following the Policy Maturity Date. The payments continue as long as the Annuitant lives. If the Annuitant dies before 120 payments are made, the remainder of the 120 payments are made to the Beneficiary as they become due. The Beneficiary may request that present value of the remainder of the 120 payments be paid in one sum unless you direct otherwise. If the Annuitant dies after all the 120 payments have been made, the annuity ceases with the last payment before death.

2) Sun Life will determine the amount of annuity income to be provided by applying Total Policy Value as a single premium to Sun Life's annuity rates in effect on the Policy Maturity Date.

GENERAL PROVISIONS

1) The currency of this Policy is Canadian.
2) This is a non participating Policy. It is not eligible for dividends Sun Life pays to its participating policyholders.
3) At least once each year, CI will provide an annual statement with the following information:
    a) your Total Policy Value at the end of the period covered by the statement,
    b) the contribution, transfer, and surrender transactions during the statement period,
    c) the management expense ratio of each underlying mutual fund and the total management expense ratio of each class of each Segregated Fund with a brief explanation,
    d) the overall rate of return for each class of each Segregated Fund, if applicable, and
    e) the audited financial statements for the end of the period covered by the statement.
4) You shall advise CI of any transaction inaccuracies on the annual statement within 90 days after the statement production date. If you do not bring the inaccuracies to CI's attention within the 90 day period, you will be bound by those transactions.
5) You will indemnify CI and Sun Life against any liability or cost incurred as a result of any action CI or Sun Life, as the case may be, takes in reliance in good faith on your or your agent's written or electronic direction, according to the terms of this Policy.
6) This contract consists of this Policy and the application agreed to in writing after the date of application.
7) This contract may not be amended nor any provision waived except by an amendment signed by the officials of Sun Life authorized to sign policies.
8) Sun Life is the party responsible for all payments to you under this Policy. CI will process certain payments on behalf of Sun Life but is not the person responsible to you for seeing that the payments are made.

We, Sun Life Assurance Company of Canada ("Sun Life"), agree with you, the Policyholder/Annuitant, to pay the benefits of this Policy in accordance with its provisions. This Policy is submitted for registration as a retirement savings plan ("Plan") for income tax purposes.

The following gives full details of your rights under this Policy.

SUBJECT TO ANY APPLICABLE DEATH AND MATURITY GUARANTEE, ANY PART OF THE PREMIUM OR OTHER AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND IS INVESTED AT THE RISK OF THE POLICYHOLDER/ANNUITANT AND MAY INCREASE OR DECREASE IN VALUE ACCORDING TO FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS OF THE SEGREGATED FUND.

Kevin P. Dougherty
President,
Canadian Operations

Peter W. Glaab
Vice-President,
Retail Wealth Management

Signed at Head Office, Toronto, Ontario

Sun Life Assurance Company of Canada
150 King Street West, Toronto, Ontario M5H 1J9

CI Mutual Funds Inc.
CI Place, 151 Yonge Street, Eleventh Floor, Toronto, Ontario M5C 2W7

Part A – Definitions

Applicable Legislation means the administrative rules of the Canada Revenue Agency, the Canadian Income Tax Act, the Quebec Income Tax Act, and applicable provincial/federal pension legislation, as amended from time to time.

Beneficiary means the person or estate you designate to receive any benefits under this Policy arising from your death.

Business Day means any day that The Toronto Stock Exchange and CI's head office are open for business.

CI means CI Mutual Funds Inc., whose head office is CI Place, 151 Yonge Street, Eleventh Floor, Toronto, Ontario, M5C 2W7, which has been appointed by Sun Life to perform administrative and management services on its behalf in relation to the Segregated Funds and this Policy, and includes any successor of CI Mutual Funds Inc. by law or by due appointment. In this Policy, references to CI are to CI acting on behalf of Sun Life, unless indicated otherwise.

Clarica agent means an agent responsible for distributing and servicing Clarica Portfolio investments following the amalgamation of Sun Life Assurance Company of Canada and Clarica Life Insurance Company on December 31, 2002.

Common-law Partner means a person who is in a common-law partnership with you as defined in the Applicable Legislation.

DSC Class A means the class of a Segregated Fund that charges a deferred sales charge.

Income Tax Act means the Canadian Income Tax Act and any Regulations.

LIRA means a locked-in retirement account as defined by Applicable Legislation and registered as a retirement savings plan under the Income Tax Act with the Canada Revenue Agency.

Locked-In means the legislative or contractual requirement that the value must be used to purchase a benefit option at retirement as defined by Applicable Legislation.

LIF means a life income fund as defined by Applicable Legislation and registered as a retirement income fund plan under the Income Tax Act with the Canada Revenue Agency.

LRIF means a locked-in retirement income fund as defined by Applicable Legislation and registered as a retirement income fund plan under the Income Tax Act with the Canada Revenue Agency.

Market Value means the value of the units of a Segregated Fund allocated to this Policy on a Business Day. It is equal to the unit value of that Segregated Fund on the applicable valuation day multiplied by the number of units applicable in this Policy.

No-Load Class means the class of a Segregated Fund that does not charge a deferred sales charge.

Policy Maturity Date means at the end of the year in which the Annuitant turns age 69.

RRIF means a retirement income fund plan registered under the Income Tax Act.

Segregated Funds means the Clarica SF Segregated Funds available under this Policy. The assets of the Segregated Funds are held separate and distinct from the general assets of Sun Life and the value of the Segregated Funds will fluctuate. Each Segregated Fund contains a No-Load Class and a Deferred Sales Charge ("DSC") Class A.

Spouse means your spouse as defined by the Applicable Legislation.

Total Policy Value means the greater of the Market Value and the Guaranteed Minimum Value (if applicable) (as defined below) of all the Segregated Funds units allocated to the Policy.

Part B – Policy Provision

Contributions

1) A contribution is a premium you pay or an amount you transfer from another tax sheltered plan to this Policy.
2) You may make contributions at any time while this Policy remains in force unless CI notifies you to the contrary.
3) CI has the right to change the minimum contribution amounts from time to time.
4) CI can reject your contribution provided it makes that decision within one Business Day after receiving your contribution. If CI rejects your contribution, CI will return the contribution to you immediately, without interest.
5) You may direct CI to apply the contribution to purchase units of the No-Load Class or DSC Class A of one or more Segregated Funds. You may provide the direction in writing or provide your Clarica agent the direction by telephone or other electronic means. If you choose one of these methods other than in writing, CI must have a way of verifying your request.
6) You must specify the amount to be allocated to each Segregated Fund. If there are no investment allocation directions or the investment allocation amount does not equal the total contribution amount, CI will apply the contribution or the difference between the contribution and allocation amount to the Clarica SF CI Money Market Fund.
7) The number of units in a Segregated Fund will increase each time you direct CI to purchase units of that Segregated Fund.
8) If CI receives the contribution at its head office by 4:00 p.m. on a Business Day, CI will use the unit value determined for the Segregated Fund at that day's close of business. If CI receives the contribution after 4:00 p.m. on a Business Day, CI will use the unit value determined at the close of the next Business Day. Refer to "Operation of Segregated Funds" of this Policy for details.

Surrenders

1) You may direct CI to surrender the Total Policy value or some of the units allocated to this Policy in the Segregated Fund, subject to Applicable Legislation, at any time while this Policy remains in force.
2) The Total Policy Value will be adjusted to reflect partial or full surrenders.
3) You may request the surrender either in writing or provide your Clarica agent the direction by telephone or other electronic means. If you choose one of these methods other than in writing, CI must have a way of verifying your request.
4) Any surrender requests must be for a minimum of $100.
5) After CI surrenders all the units in the Segregated Fund allocated to this Policy, your Policy terminates automatically.
6) If the Total Policy Value immediately after the surrender is less than $500, CI reserves the right to surrender all the Segregated Fund allocated to this Policy. Your Policy then terminates automatically.
7) You must provide CI direction outlining from which Segregated Fund the surrender should be withdrawn.
8) If CI receives your direction to surrender the units allocated to this Policy in the Segregated Fund at its head office by 4:00 p.m. on a Business Day, CI will surrender the Segregated Fund units at the unit value determined at that day's close of business. If CI receives your surrender direction after 4:00 p.m. on a Business Day, CI will surrender the Segregated Fund units at the unit value determined at the close of the next Business Day. If the surrender is on or after a Contribution Maturity Date (as defined below), CI will pay the greater of the Guaranteed Minimum Value (as defined below) and the Market Value of those Segregated Fund units. Refer to "Operation of Segregated Funds" of this Policy for details.
9) CI will surrender the units in a Segregated Fund allocated to this Policy that are in the fund the longest.
10) CI shall withhold taxes on the surrenders as required by Applicable Legislation.

The unit value is not guaranteed but fluctuates with the investment performance of the Segregated Fund assets.

Transfer Between Segregated Funds

1) You may direct CI to transfer an amount from one Segregated Fund to another Segregated Fund available under this Policy. You may not transfer an amount from one class to another class of a Segregated Fund. You may request the transfer in writing, or provide your Clarica agent the direction by telephone or other electronic means. If you choose one of these methods other than in writing, CI must have a way of verifying your request.
2) Transfer directions received at CI's head office will be processed on the applicable Business Day as follows: Transfer directions received by 4:00 p.m. on a Business Day will be processed by that day's close of business. Those received after 4:00 p.m. on a Business Day will be processed at the close of the next Business Day.
3) CI will surrender the applicable number of units from one fund and purchase the applicable units of the other fund at the unit value of each fund on the applicable Business Day. Refer to "Operation of Segregated Funds" of this Policy for details.

The unit value is not guaranteed but fluctuates with the investment performance of the Segregated Fund assets.

Transfer to Another Financial Institution

1) You may direct CI in writing or provide your Clarica agent the direction to transfer all or part of the Total Policy Value of this Policy to a plan with another financial institution acceptable by the Applicable Legislation.
2) For partial transfer, you must provide CI a direction outlining from which Segregated Fund or Funds the transfer should be withdrawn.
3) If the Total Policy Value immediately after the transfer is less than $500, CI reserves the right to surrender all the Segregated Fund units allocated to your Policy and transfer the value to the subsequent institution. Your Policy then terminates automatically.
4) If CI receives your transfer direction at its head office by 4:00 p.m. on a Business Day, CI will surrender the Segregated Fund units at the unit value determined at that day's close of business. If CI receives your transfer direction after 4:00 p.m. on a Business Day, CI will surrender the Segregated Fund units at the unit value determined at the close of the next Business Day. If the surrender is on or after a Contribution Maturity Date, CI will pay the greater of the Guaranteed Minimum Value and Market Value of those Segregated Fund units. Refer to "Guarantee for Segregated Funds" and "Operation of Segregated Funds" of this Policy for details.
5) For partial transfer from a Segregated Fund allocated to this Policy, CI will surrender the units in a Segregated Fund of this Policy that are in the fund the longest.
6) The Total Policy Value will be adjusted to reflect partial or full transfers.
7) After CI transfers the Total Policy Value to the subsequent institution, this Policy terminates automatically.

The unit value is not guaranteed but fluctuates with the investment performance of the Segregated Funds assets.

Foreign Rebalancing Transfer Between Segregated Funds

1) Upon anticipated changes to Applicable Legislation becoming effective, some Segregated Funds will be considered foreign investments in this Policy.
2) When that occurs, CI will monitor your foreign investment holdings in this Policy and ensure the holdings do not exceed the government prescribed limit on such holdings on the last Business Day of each month.

3) CI will reduce your foreign investment holding to the prescribed limit by transferring the excess from your highest valued foreign fund to your highest valued 100% Canadian content fund. If you do not have a 100% Canadian content fund, CI will automatically transfer the excess to the Clarica SF CI Money Market Fund.
4) The rebalancing transfer may not attract any fees or charges.
5) While the objective of this service is to avoid imposition of penalty taxes, neither CI nor Sun Life assumes responsibility for any penalty taxes that may be payable.

Guarantee for Segregated Funds

Definitions in this section:

Contribution Set Date means January 1 of the year a contribution is made. A Contribution Set Date applies to all your contributions, adjusted for surrenders, that have been allocated to the Segregated Funds during the calendar year for the purpose of determining the Contribution Maturity Date and Guaranteed Minimum Value.

Contribution Maturity Date means January 1 ten years after the Contribution Set Date. You may have a Contribution Maturity Date every year since it is related to the Contribution Set Date.

Guaranteed Minimum Value means an amount that Sun Life guarantees to return to you or your Beneficiary on or after the Contribution Maturity Date or on your death, whichever occurs first. Refer to "Death Benefit" of this Policy for details. In the event of a surrender, it is 75% of your contributions (including any growth locked-in by virtue of prior resets) established on each Contribution Set Date, adjusted for surrenders. In the event of your death, it is 100% of your contributions (including any growth locked-in by virtue of prior resets) established on each Contribution Set Date, adjusted for surrenders, as if your contributions have reached the Contribution Maturity Date.

Policy and the Guarantee

Sun Life provides the Guaranteed Minimum Value on contributions allocated to the Segregated Funds of your Policy on or after the Contribution Maturity Date or upon receipt at CI's head office of notification of your death.

Reset of Contribution Set Date

1) You are entitled to realize any growth in the unit value of the Segregated Funds allocated to your Policy in order to increase the contribution guarantee Sun Life provides.
2) By doing so, you can direct CI to establish a new Contribution Set Date once a year. You may first request a new Contribution Set Date in the year following the Policy establishment. The new Contribution Set Date will be January 1 of the year in which you give CI the direction. The new Contribution Set Date will apply to all the contributions, adjusted for surrenders, that you have made in previous years. The new Contribution Maturity Date is the new Contribution Set Date plus ten years.
3) CI will calculate a new amount to determine the guarantee on your new Contribution Maturity Date and the death benefit that Sun Life will pay your Beneficiary. The new amount is the Market Value of all of the Segregated Fund units allocated to your Policy on the date the change is made; provided that if the change occurs on or after the original Contribution Maturity Date, the new amount is the greater of (a) the Market Value of the Segregated Fund units attributed to all Contribution Set Dates that have reached their Contribution Maturity Dates on the date the change is made and (b) the Guaranteed Minimum Value of your contributions (including any growth locked-in by virtue of prior resets) attributed to all Contribution Set Dates that have reached their Contribution Maturity Dates, adjusted for surrenders; plus the Market Value of the remainder of the Segregated Funds that have not reached their Contribution Maturity Date on the date the change is made.
4) Notwithstanding the foregoing, if you reset your Contribution Set Date after December 31 of the year you turn 59 years old, the reset is only valid if you transfer to a Clarica Portfolio RRIF, LIF or LRIF and carry over the Contribution Maturity Date. If you reset your Contribution Set Date after December 31 of the year you turn 59, but transfer to a plan that is not a Clarica Portfolio, the earlier Contribution Set Date will remain in effect.

Guarantee During the Closing Decade

If you apply your contribution to purchase units of a Segregated Fund allocated to your Policy in the last ten years prior to December 31 of the year in which you turn age 69, CI will pay the greater of the Guaranteed Minimum Value and the Market Value of the applicable Segregated Funds on the Policy Maturity Date as if those contributions have reached their Contribution Maturity Date, unless you transfer to a Clarica Portfolio RRIF, LIF or LRIF.

Transfer Between Segregated Funds

Transfers between Segregated Funds in your Policy have no impact on the Contribution Maturity Date or the Guaranteed Minimum Value.

Surrenders and the Guaranteed Minimum Value

1) The Guaranteed Minimum Value is reduced after each surrender of Segregated Fund units allocated to your Policy. CI will calculate the amount of reduction by multiplying the Guaranteed Minimum Value prior to the surrender by the ratio of the total amount of the surrender to the value of your Segregated Fund units prior to the surrender.
2) If CI receives at its head office by 4:00 p.m. on a Business Day your direction to surrender Segregated Fund units allocated to your Policy, CI will surrender such units at the unit value determined at that day's close of business. If CI receives your direction after 4:00 p.m. on a Business Day, CI will surrender such units at the unit value determined at the close of the next Business Day. The reduction is applied to the earliest Contribution Set Date in your Policy.
3) If you direct CI to surrender units of a Segregated Fund allocated to your Policy on or after a Contribution Maturity Date, CI shall pay you the Guaranteed Minimum Value or the Market Value of those Segregated Fund units, whichever is greater.
4) If you direct CI to surrender units of a Segregated Fund allocated to your Policy prior to the Contribution Maturity Date, CI shall pay you the Market Value of those Segregated Fund units.

Refer to "Surrenders", "Transfer to Another Financial Institution" and "Operation of Segregated Funds" of this Policy for details.

Operation of Segregated Funds

Classes of Funds
CI will manage the No-Load Class and DSC Class A of a Segregated Fund as one pool of assets. Each class may have its own unit value as a result of different management fees (including insurance fees) and other expenses. Refer to "Management Fees", "Deferred Sales Charge on a Segregated Fund" and "Other Fees" of this Policy for details.

Valuation Date
CI will value the units of each class of the Segregated Funds each Business Day for the purposes of purchase and surrender of units.

Unit Value
CI calculates the unit value of each class of each fund by using the total value of a fund's assets allocated to the class, minus all of the fund's liabilities allocated to the class, divided by the number of units in the class. The total asset value of a Segregated Fund includes cash and the value of the units of the underlying mutual fund established at the close of a valuation day.

The unit value is not guaranteed but fluctuates with the investment performance of the Segregated Fund assets.

Fund Availability

CI has the right to discontinue any Segregated Fund or any class of a Segregated Fund in which you hold units upon providing at least 60 days advance notice to you. The advance notice will specify the options available to you, the automatic default option and the effective date of the discontinuance. You may direct CI to surrender the units of the discontinuing Segregated Fund allocated to your Policy prior to the effective day of the discontinuance. If you do not direct CI to transfer the amounts of the discontinued fund to another fund or surrender the units of the discontinued fund by the effective date, CI will automatically transfer the value of the units of the discontinued fund to the automatic default option on that day. Refer to "Surrenders" and "Operation of Segregated Funds" of this Policy for details. CI also has the right to merge and to partition funds in which you hold units upon providing 60 days advance notice to you.

Death Benefit

1) If you die before the Policy Maturity Date, CI will pay your Beneficiary a death benefit equal to the greater of the Guaranteed Minimum Value and the Market Value of the Segregated Funds allocated to your Policy.
2) The Market Value is determined on the day CI receives written notice of your death and all required documents at its head office provided they are received by 4:00 p.m. on a Business Day. If CI receives the written notice of your death and all required documents at its head office after 4:00 p.m. on a Business Day, the Market Value is determined on the following Business Day. Refer to "Surrenders", "Guarantee for Segregated Funds" and "Operation of Segregated Funds" of this Policy for details.

Management Fees

1) Each class of Segregated Fund pays a management fee and other expenses. The management fee and other expenses include all management fees, insurance fees and other expenses charged by Sun Life, CI and the underlying mutual funds. The management fees are incurred in the ordinary course of the Segregated Fund operations. The other expenses include audit fees, taxes, interest expenses, bank charges, legal costs, unitholder administration costs and fund administration costs.
2) The management fee paid by a class of Segregated Fund is in addition to the management fee paid by the underlying mutual fund. However, the Segregated Fund management fee does not duplicate the fee and expenses being charged by the underlying mutual fund.
3) The management fee of the Segregated Fund is calculated daily and paid daily at an annualized percentage of the net asset value of the class of each Segregated Fund.
4) CI has the right to change the management fee applicable to a Segregated Fund in which you hold units upon providing at least 60 days advance notice to you, subject to the terms set out under "Fundamental Changes" of this Policy.
5) Management fees include insurance fees for the cost of the guarantees provided by Sun Life. Sun Life may change, from time to time, the insurance fee applicable to any fund or class in which you hold units by giving you at least 60 days prior written notice of the change. If the change results in an insurance fee that exceeds the insurance fee limit applicable at the time you purchased your Policy, you will receive the notice and rights described under "Fundamental Changes" in this Policy.

Fundamental Changes

General information
If CI or Sun Life wish to make any of the following fundamental changes, CI will notify you at least 60 days prior to making the change:

- an increase in the management fee charged against the assets of any of the Segregated Funds in which you hold units;
- a change in the fundamental investment objective of any of the Segregated Funds in which you hold units;
- a decrease in the frequency with which CI values units of any of the Segregated Funds in which you hold units;
- an increase in the insurance fee charged by Sun Life against the assets of any of the Segregated Funds in which you hold units to an amount that is greater than 0.70% per annum.

Your rights in the event of a fundamental change
Should CI or Sun Life make one of the fundamental changes listed above to any of the Segregated Funds in which you hold units, you will have the right to:

- transfer the value of your units in the Segregated Fund affected by the fundamental change to a similar fund without incurring any redemption fees or similar charges; or
- if Sun Life does not offer a Segregated Fund similar to the fund affected by the fundamental change, redeem your units in the affected fund without incurring any redemption fees or similar charges.

Your right to elect either option is effective only if CI receives your election within 5 business days prior to the end of the 60 day notice period. During this 60 day notice period, you may not transfer to a Segregated Fund subject to a fundamental change from a fund which is not subject to a fundamental change unless you agree to waive the right to redeem without incurring redemption fees or similar charges.

Deferred Sales Charge Option

With this option, you pay a deferred sales charge if you surrender DSC Class A units of a Segregated Fund within seven years of buying them.

The deferred sales charges are calculated as a percentage of the original cost to you of the DSC Class A units that you surrender from your Policy. These charges apply to any surrender, except as provided below, within the first seven years following the date on which you acquired such units. The amount of the deferred sales charge decreases, the longer you own the units. The charge will be calculated beginning with the DSC Class A units acquired with the earliest contribution to your Policy. If you reset your guarantee or make transfers from one Fund to another, the age of your contributions will not be affected for deferred sales charge purposes.

Below is the fee schedule for the deferred sales charge option:

When Units are Surrendered	Percentage Charged
Within 1st year of DSC Class A purchase	5.5%
During 2nd year of DSC Class A purchase	5.0%
During 3rd year of DSC Class A purchase	4.5%
During 4th year of DSC Class A purchase	4.0%
During 5th year of DSC Class A purchase	3.0%
During 6th year of DSC Class A purchase	2.0%
During 7th year of DSC Class A purchase	1.0%
After 7th year of DSC Class A purchase	0.0%

CI deducts the amount of the deferred sales charge from the proceeds of the gross surrender amount. The deferred sales charge will not be applied to withdrawals or exchanges which occur as a result of the Annuitant's death.

Each calendar year you may surrender some of your DSC Class A Segregated Fund units without paying the deferred sales charge, regardless of when you bought your units. The available number of units are calculated as follows:

- 10% of the number of your DSC Class A units at the end of the previous calendar year that are subject to the deferred sales charge, plus

- 10% of the number of DSC Class A units purchased during the current calendar year, multiplied by the number of months remaining in the calendar year (including the month of purchase) divided by 12.

CI has the right to modify or discontinue this free surrender right at any time in its sole discretion on 60 days notice to you. Any such change will apply only to contributions made after expiry of the notice period.

Other Fees

CI has the right to charge the following fees:
1) A fee up to $25 for returned cheque or electronic transfer refused by your bank due to insufficient funds in your bank account.
2) A fee up to 2% of the value being transferred to another financial institution or between Segregated Funds within 60 days of your contribution. This fee does not apply if money is transferred between Segregated Funds as a result of maintaining the foreign content limit under the Applicable Legislation.

General Provisions

1) The currency of this Policy is Canadian.
2) This is a non participating Policy. It is not eligible for dividends Sun Life pays to its participating policyholders.
3) At least once each year, CI will provide an annual statement with the following information:
   a) your Total Policy Value at the end of the period covered by the statement,
   b) the contribution, transfer and surrender transactions during the statement period,
   c) the management expense ratio of each underlying mutual fund during the statement period, and the total management expense ratio of each class of each Segregated Fund with a brief explanation,
   e) the overall rate of return for a Segregated Fund, if applicable, and
   f) the audited financial statements for the end of the period covered by the statement.
4) You shall advise CI of any transaction inaccuracies on the annual statement within 90 days after the statement production date. If you do not bring the inaccuracies to CI's attention within the 90-day period, you will be bound by those transactions.
5) You will indemnify CI and Sun Life against any liability or cost incurred as a result of any action CI or Sun Life, as the case may be, takes in reliance in good faith on your or your agent's written or electronic direction, according to the terms of this Policy.
6) This contract consists of this Policy, the application, the addendum and any amendments agreed to in writing after the date of application.
7) This contract may not be amended nor any provision waived except by an amendment signed by the officials of Sun Life authorized to sign policies.
8) Sun Life is the party responsible for all payments to you under this Policy. CI will process certain payments on behalf of Sun Life but is not the person responsible to you for seeing that the payments are made.

Part C – Registration Provisions

Contributions and Surrenders

1) Contributions to an RSP must be made within the allowable deductible limit under the Income Tax Act in any calendar year. Contributions to a LIRA must be acceptable to the Applicable Legislation.
2) Contributions to the Policy will cease at the earlier of the Policy Maturity Date or your election of a surrender described in "Surrender Options" of this Policy.
3) CI will allocate the contributions to the Segregated Funds and classes in the RSP or the LIRA at any time.
4) You may direct CI to transfer amounts between Segregated Funds and classes in your RSP or LIRA at any time.
5) CI will surrender amounts from the Segregated Fund as directed by you, subject to Applicable Legislation.
6) All Locked-In funds under this Policy, including all investment earnings, must be used to provide a pension according to Applicable Legislation.

Retirement Income

1) Subject to "Contributions and Surrenders" of this Policy, you may request a change in the Policy Maturity Date, type of annuity or any other option allowed by section 146 of the Income Tax Act by notifying your Clarica agent in writing prior to the Policy Maturity Date.
2) You may direct CI in writing to transfer RSP funds in this Policy to a Clarica SF Portfolio RIF or a Sun Life annuity. For a LIRA, you may direct CI to transfer the funds to a Clarica SF Portfolio LIF or LRIF or a Sun Life annuity.
3) If we do not receive your written direction by the Policy Maturity Date, we may at our discretion use your RSP funds in this Policy to purchase a RIF provided in this section. For LIRA funds, we may at our discretion, purchase a LIF.
4) The Sun Life annuity income benefit is as follows:
   - A) An annuity income is payable commencing on January 1st following the Policy Maturity Date. The annuity rates in effect under this Policy will provide a monthly income for your lifetime with no less than 120 monthly payments.
   - B) Sun Life will determine the amount of the annuity income to be provided by applying your Total Policy Value as a single premium to Sun Life's annuity rates in effect on the Policy Maturity Date. If required by Applicable Legislation, the annuity rates shall be independent of your sex. Sun Life will pay the income by way of equal annual or more frequent payments, according to Applicable Legislation.
   - C) If you have a LIRA or Locked-In funds transferred from a registered pension plan and
     - i) you have a Spouse or Common-law Partner on the day payments begin, the normal form of pension shall be determined according to Applicable Legislation, or
     - ii) you do not have a Spouse or Common-law Partner on the day payments begin, the normal form of pension shall be determined in the same basis as a policyholder who does not have a LIRA or Locked-In funds transferred from a registered pension plan.
   - D) Once you have begun to receive annuity payments, you cannot surrender or commute the annuity during your lifetime, as applicable, or during the lifetime of the joint policyholder.

Surrender Options

Surrenders

1) Unless contrary to Applicable Legislation, you may direct CI to surrender any portion of your Policy and receive cash in a lump sum. CI will surrender amounts from the Segregated Fund as directed by you.
2) CI shall withhold taxes on the surrender as required by Applicable Legislation.
3) No commutation or surrender of a LIRA or Locked-In funds is permitted, except where you provide evidence satisfactory to CI that, in the professional opinion of a certified medical practitioner, your life expectancy is considerably shortened due to your mental or physical disability. You may surrender the balance of the Policy, in whole or in part, or receive a series of payments subject to Application Legislation.

Transfer to Another Financial Institution

1) You may request CI in writing to transfer amounts from this Policy to another registered retirement savings plan, LIRA, registered retirement income fund or any other vehicle acceptable to Applicable Legislation.
2) Before transferring your LIRA or Locked-In funds to another financial institution, CI will advise the new financial institution in writing of the Locked-In status and ask for its acceptance to transfer, subject to the conditions provided for by Application Legislation.

Death Benefit

1) If you die before the Maturity Date or have elected a retirement income, CI will pay the death benefit to your Beneficiary unless a 'refund of premiums' as defined in the Income Tax Act has been requested.
2) If the Policy contains funds which are Locked-In according to pension legislation, CI will pay the death benefit according to Applicable Legislation.
3) If you die after having elected a retirement income option and before all of the guaranteed annuity income payments have been made, a death benefit shall be paid to the Beneficiary. If the Beneficiary is your Spouse or Common-law Partner, the Spouse or Common-law Partner becomes the annuitant under the annuity policy. The annuity income payments to the Spouse or Common-law Partner in a year after your death may not exceed the total annuity income payments in a year before your death. If the Beneficiary is not the Spouse or Common-law Partner, the commuted value of the remaining guaranteed payments would be paid in a lump sum.

Policy Assignment

1) No retirement income payable under this Policy may be assigned either in whole or in part.
2) No advantages or loan conditional in any way upon the existence of this Policy may be extended to you or to a person with whom you are not dealing at arms length, except those permitted under paragraph 146(2)(c.4) of the Income Tax Act.

General Provisions

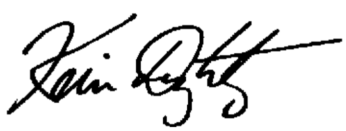
1) You may terminate the Policy upon providing written or electronic direction to CI. This Policy terminates when all amounts have been disbursed and CI shall notify the Canada Revenue Agency.
2) If CI makes a payment under this Policy contrary to the provisions of the Applicable Legislation, Sun Life will pay you a pension in an amount which would otherwise have been payable had that payment not been made.

3) If CI transfers money contrary to the terms of this Policy, and if the subsequent carrier then makes a payment contrary to the provisions of the Applicable Legislation, Sun Life will pay you a pension in an amount which would otherwise have been payable had that transfer not been made.
4) Subject to paragraph 146(2)(c.1) of the Income Tax Act, upon written application of you or your Spouse or Common-law Partner as required by Applicable Legislation, an amount may be surrendered from the Policy to reduce tax payable under Part X.1 of the Income Tax Act.

We, Sun Life Assurance Company of Canada ("Sun Life"), agree with you, the Policyholder/Annuitant, to pay the benefits of this Policy in accordance with its provisions. This Policy is submitted for registration as a retirement income plan ("Plan") for income tax purposes.

The following gives full details of your rights under this Policy.

SUBJECT TO ANY APPLICABLE DEATH AND MATURITY GUARANTEE, ANY PART OF THE PREMIUM OR OTHER AMOUNT THAT IS ALLOCATED TO A SEGREGATED FUND IS INVESTED AT THE RISK OF THE POLICYHOLDER/ANNUITANT AND MAY INCREASE OR DECREASE IN VALUE ACCORDING TO FLUCTUATIONS IN THE MARKET VALUE OF THE ASSETS OF THE SEGREGATED FUND.



Kevin P. Dougherty
President,
Canadian Operations

Peter W. Glaab
Vice-President,
Retail Wealth Management

Signed at Head Office, Toronto, Ontario

Sun Life Assurance Company of Canada
150 King Street West, Toronto, Ontario M5H 1J9

CI Mutual Funds Inc.
CI Place, 151 Yonge Street, Eleventh Floor, Toronto, Ontario, M5C 2W7

Part A – Definitions

Applicable Legislation means the administrative rules of the Canada Revenue Agency, the Canadian Income Tax Act, the Quebec Income Tax Act, and applicable provincial/federal pension legislation, as amended from time to time.

Beneficiary means the person or estate you designate to receive any benefits under this Policy arising from your death.

Business Day means any day that The Toronto Stock Exchange and CI's head office are open for business.

CI means CI Mutual Funds Inc., whose head office is CI Place, 151 Yonge Street, Eleventh Floor, Toronto, Ontario, M5C 2W7, which has been appointed by Sun Life to perform administrative and management services on its behalf in relation to the Segregated Funds and this Policy, and includes any successor of CI Mutual Funds Inc. by law or by due appointment. In this Policy, references to CI are to CI acting on behalf of Sun Life, unless indicated otherwise.

Clarica agent means an agent responsible for distributing and servicing Clarica Portfolio investments following the amalgamation of Sun Life Assurance Company of Canada and Clarica Life Insurance Company on December 31, 2002.

Common-law Partner means a person who is in a common-law partnership with you as defined in the Applicable Legislation.

DSC Class A means the class of a Segregated Fund that charges a deferred sales charge.

Fiscal Year means each year ending December 31 and will not exceed 12 months.

Income Tax Act means the Canadian Income Tax Act and any Regulations.

LIF means a life income fund as defined by Applicable Legislation and registered as a retirement income fund plan under the Income Tax Act with the Canada Revenue Agency.

LIRA means a locked-in retirement account as defined by Applicable Legislation and registered as a retirement savings plan under the Income Tax Act with the Canada Revenue Agency.

LRIF means a locked-in retirement income fund as defined by Applicable Legislation and registered as a retirement income fund plan under the Income Tax Act with the Canada Revenue Agency.

Locked-In means the legislative or contractual requirement that the value must be used to purchase a benefit option at retirement as defined by Applicable Legislation.

Market Value means the value of the units of a Segregated Fund allocated to this Policy on a Business Day. It is equal to the unit value of that Segregated Fund on the applicable valuation day multiplied by the number of units applicable to this Policy.

No-Load Class means the class of a Segregated Fund that does not charge a deferred sales charge.

Policy Maturity Date means:

a) for RRIF - when the Total Policy Value is zero.
b) for LIF - in all provinces except Quebec, Nova Scotia and New Brunswick, December 31st of the year in which you turn age 80. In the provinces of Quebec, Nova Scotia and New Brunswick, it is when the Total Policy Value is zero.
c) for LRIF - when the Total Policy Value is zero.

RRIF means a retirement income fund plan registered under the Income Tax Act.

Segregated Funds means the Clarica SF Segregated Funds available under this Policy. The assets of the Segregated Funds are held separate and distinct from the general assets of Sun Life and the value of the Segregated Funds will fluctuate. Each Segregated Fund contains a No-Load Class and a Deferred Sales Charge ("DSC") Class A.

Spouse means your spouse as defined by the Applicable Legislation.

Total Policy Value means the greater of the Market Value and the Guaranteed Minimum Value (if applicable) (as defined below) of all the Segregated Funds units allocated to RIF, LIF or LRIF in the Policy.

Part B - Policy Provisions

Contributions

1) A contribution is an amount you transfer from another tax sheltered plan to this Policy.
2) You may make contributions at any time while this Policy remains in force unless CI notifies you to the contrary.
3) CI has the right to change the minimum contribution amounts from time to time.
4) CI can reject your contribution provided it makes that decision within one Business Day after receiving your contribution. If CI rejects your contribution, CI will return the contribution to the original institution immediately, without interest.
5) You may direct CI to apply the contribution to purchase units of the No-Load Class or DSC Class A of one or more Segregated Funds. You may provide the direction in writing, or provide your Clarica agent the direction by telephone or other electronic means. If you choose one of these methods other than in writing, CI must have a way of verifying your request.
6) You must specify the amount to be allocated to each Segregated Fund. If there are no investment allocation directions or the investment allocation amount does not equal the total contribution amount, CI will apply the contribution or the difference between the contribution and allocation amount to the Clarica SF CI Money Market Fund.
7) The number of units in a Segregated Fund will increase each time you direct CI to purchase units of that Segregated Fund.
8) If CI receives the contribution at its head office by 4:00 p.m. on a Business Day, CI will use the unit value determined for the Segregated Fund at that day's close of business. If CI receives the contribution after 4:00 p.m. on a Business Day, CI will use the unit value determined at the close of the next Business Day. Refer to "Operation of Segregated Funds" of this Policy for details.

Payments from the Plan

Periodic Income Payments

1) Subject to Applicable Legislation, CI will make periodic income payments according to the frequency and income type you indicated on the application form or any subsequent written request on a basis acceptable to CI.
2) You may request a change to your periodic income payments once every twelve months. You may request the change in writing or provide your Clarica agent the direction by telephone or other electronic means. If you choose one of these methods other than in writing, CI must have a way of verifying your request.
3) CI shall withdraw the income payments from the Segregated Fund or Funds specified on the application or any subsequent written request.
4) If you do not provide CI a direction outlining from which Segregated Fund or Funds the payments should be withdrawn, CI shall withdraw the payments proportionately from the Segregated Funds in your Policy at the time the payments are made.
5) CI will surrender the units allocated to your Policy in the Segregated Fund to make the periodic income payments.
6) CI will use the unit value determined for the Segregated Fund at the close of business on the date of the periodic income payment. Refer to "Operation of Segregated Funds" of this Policy for details.
7) CI will surrender the units in a Segregated Fund allocated to this Policy that are in the fund the longest.
8) The Total Policy Value will be adjusted to reflect periodic income payments.
9) CI shall withhold taxes on any amount in excess of the minimum amount as required by Applicable Legislation.

Lump Sum Payments

1) You may request a lump sum payment at any time while the Policy remains in force.
2) You may request the payment either in writing or provide your Clarica agent the direction by telephone or other electronic means. If you choose one of these methods other than in writing, CI must have a way of verifying your request.
3) Any lump sum payment requests must be for a minimum of $100.
4) You must provide CI a direction outlining from which Segregated Fund or Funds the payment should be withdrawn.
5) Upon receipt at CI's head office of your request for a lump sum payment, CI shall withdraw the amount from the Segregated Funds in the order specified in your request unless the surrender is prohibited by the Applicable Legislation.
6) If the Total Policy Value immediately after the surrender is less than $500, CI reserves the right to surrender all the Segregated Funds. Your Policy then terminates automatically.
7) If CI receives your direction to surrender the units allocated to the Policy in the Segregated Fund at its head office by 4:00 p.m. on a Business Day, CI will surrender the Segregated Fund units at the unit value determined at that day's close of business. If CI receives your surrender direction after 4:00 p.m. on a Business Day, CI will surrender the Segregated Fund units at the unit value determined at the close of the next Business Day. If the surrender is on or after a Contribution Maturity Date, CI will pay the greater of the Guaranteed Minimum Value and Market Value of those Segregated Fund units. Refer to "Operation of Segregated Funds" of this Policy for details.
8) CI will surrender the units in a Segregated Fund allocated to this Policy that are in the fund the longest.
9) The Total Policy Value will be adjusted to reflect lump sum payments.
10) CI shall withhold taxes on the lump sum payments as required by Applicable Legislation.

Termination of Payments

If there is no money left in the RIF, LIF or LRIF, no future payments from the RIF, LIF or LRIF will be made.

The unit value is not guaranteed but fluctuates with the investment performance of the Segregated Fund assets.

Transfer Between Segregated Funds

1) You may direct CI to transfer an amount from one Segregated Fund to another Segregated Fund available under this Policy. You may not transfer an amount from one class to another class of a Segregated Fund. You may request the transfer in writing, or provide your Clarica agent the direction by telephone or other electronic means. If you choose one of these methods other than in writing, CI must have a way of verifying your request.
2) Transfer directions received at CI's head office will be processed on the applicable Business Day as follows: Transfer directions received by 4:00 p.m. on a Business Day will be processed by that day's close of business. Those received after 4:00 p.m. on a Business Day will be processed at the close of the next Business Day.
3) CI will surrender the applicable number of units from one fund and purchase the applicable units of the other fund at the unit value of each fund on the applicable Business Day. Refer to "Operation of Segregated Funds" of this Policy for details.

The unit value is not guaranteed but fluctuates with the investment performance of the Segregated Fund assets.

Transfer to Another Financial Institution

1) You may direct CI in writing or provide your Clarica agent the direction to transfer all or part of the Total Policy Value of this Policy to a plan with another financial institution acceptable by the Applicable Legislation.
2) For partial transfer, you must provide CI a direction outlining from which Segregated Fund or Funds the transfer should be withdrawn.
3) If the Total Policy Value immediately after the transfer is less than $500, CI reserves the right to surrender all the Segregated Fund units allocated to your Policy and transfer the value to the subsequent institution. Your Policy then terminates automatically.
4) If CI receives your transfer direction at its head office by 4:00 p.m. on a Business Day, CI will surrender the Segregated Fund units at the unit value determined at that day's close of business. If CI receives your transfer direction after 4:00 p.m. on a Business Day, CI will surrender the Segregated Fund units at the unit value determined at the close of the next Business Day. If the surrender is on or after a Contribution Maturity Date, CI will pay the greater of the Guaranteed Minimum Value and Market Value of those Segregated Fund units. Refer to "Guarantee for Segregated Funds" and "Operation of Segregated Funds" of this Policy for details.
5) For partial transfer from a Segregated Fund allocated to this Policy, CI will surrender the units in a Segregated Fund of this Policy that are in the fund the longest.
6) The Total Policy Value will be adjusted to reflect partial or full transfers.
7) After CI transfers the Total Policy Value to the subsequent institution, this Policy terminates automatically.

The unit value is not guaranteed but fluctuates with the investment performance of the Segregated Fund assets.

Foreign Rebalancing Transfer Between Segregated Funds

1) Upon anticipated changes to Applicable Legislation becoming effective, some Segregated Funds will be considered foreign investments in this Policy.
2) When that occurs, CI will monitor your foreign investment holdings in this Policy and ensure the holdings do not exceed the government prescribed limit on such holdings on the last Business Day of each month.
3) CI will reduce your foreign investment holding to the prescribed limit by transferring the excess from your highest valued foreign fund to your highest valued 100% Canadian content fund. If you do not have a 100% Canadian content fund, CI will automatically transfer the excess to the Clarica SF CI Money Market Fund.
4) The rebalancing transfer may not attract any fees or charges.
5) While the objective of this service is to avoid imposition of penalty taxes, neither CI nor Sun Life assumes responsibility for any penalty taxes that may be payable.

Guarantee for Segregated Funds

Definitions in this section:

Contribution Set Date means January 1 of the year a contribution is made. A Contribution Set Date applies to all your contributions adjusted for payments and surrenders that have been allocated to the Segregated Funds during the calendar year for the purpose of determining the Contribution Maturity Date and Guaranteed Minimum Value.

Contribution Maturity Date means January 1 ten years after the Contribution Set Date. You may have a Contribution Maturity Date every year since it is related to the Contribution Set Date.

Guaranteed Minimum Value means an amount that Sun Life guarantees to return to you on or after the Contribution Maturity Date or on your death, whichever occurs first. Refer to "Death Benefit" of this Policy for details. In the event of a surrender, it is 75% of your contributions (including any growth locked-in by virtue of prior resets) established on each Contribution Set Date, adjusted for surrenders. In the event of your death, it is 75% of your contributions (including any growth locked-in by virtue of prior resets) established on each Contribution Set Date, adjusted for surrenders, as if your contributions have reached the Contribution Maturity Date.

Policy and the Guarantee

1) Sun Life provides the Guaranteed Minimum Value on contributions allocated to the Segregated Funds of your Policy on or after the Contribution Maturity Date or upon receipt at CI's head office of notification of your death.
2) If the contribution is transferred from the Clarica Portfolio RSP, LIRA or Locked-in RSP, the Contribution Set Date from the Clarica Portfolio RSP, LIRA or Locked-in RSP will automatically apply to this Policy unless you instruct CI otherwise. The Guaranteed Minimum Value of this Policy will apply even though the Contribution Set Date may continue from the Clarica Portfolio RSP, LIRA or Locked-in RSP.

Reset of Contribution Set Date

1) You are entitled to realize any growth in the unit value of the Segregated Funds allocated to your Policy in order to increase the contribution guarantee Sun Life provides.
2) By doing so, you can direct CI to establish a new Contribution Set Date once a year, commencing in the year following the Policy establishment, up to the end of the year in which you turn age 69. The new Contribution Set Date will be January 1 of the year in which you give CI the direction. The new Contribution Set Date will apply to all the contributions adjusted for payments or surrenders that you have made in previous years. The new Contribution Maturity Date is the new Contribution Set Date plus ten years.
3) CI will calculate a new amount to determine the guarantee on your new Contribution Maturity Date and the death benefit to which your Beneficiary is entitled. The new amount is the Market Value of all of the Segregated Fund units allocated to your Policy on the date the change is made; provided that if the change occurs on or after the original Contribution Maturity Date, the new amount is the greater of (a) the Market Value of the Segregated Fund units attributed to all Contribution Set Dates that have reached their Contribution Maturity Dates on the date the change is made and (b) the Guaranteed Minimum Value of your contributions (including any growth locked-in by virtue of prior resets) attributed to all Contribution Set Dates that have reached their Contribution Maturity Dates, adjusted for surrenders; plus the Market Value of the remainder of the Segregated Funds that have not reached their Contribution Maturity Date on the date the change is made.

Transfer Between Segregated Funds

Transfers between Segregated Funds in your Policy have no impact on the Contribution Maturity Date or the Guaranteed Minimum Value.

Surrenders and the Guaranteed Minimum Value

1) The Guaranteed Minimum Value is reduced after each surrender of Segregated Fund units allocated to your Policy including as a result of payment or transfer from the plan. CI will calculate the amount of reduction by multiplying the Guaranteed Minimum Value prior to the surrender by the ratio of the total amount of the surrender to the value of your Segregated Fund units prior to the surrender.

2) If CI receives at its head office by 4:00 p.m. on a Business Day your direction to surrender Segregated Fund units allocated to your Policy, CI will surrender such units at the unit value determined at that day's close of business. If CI receives your direction after 4:00 p.m. on a Business Day, CI will surrender such units at the unit value determined at the close of the next Business Day. The reduction is applied to the earliest Contribution Set Date in your Policy.
3) If you direct CI to surrender units of a Segregated Fund allocated to your Policy on or after a Contribution Maturity Date, CI shall pay you the Guaranteed Minimum Value or the Market Value of those Segregated Fund units, whichever is greater.
4) If you direct CI to surrender units of a Segregated Fund allocated to your Policy prior to the Contribution Maturity Date, CI shall pay you the Market Value of those Segregated Fund units. Refer to "Payments from the Plan", "Transfer Between Segregated Funds", "Transfer to Another Financial Institution" and "Operation of Segregated Funds" of this Policy for details.

Death and the Guarantee

If the Beneficiary is your Spouse or Common-law Partner and your Spouse or Common-law Partner, subject to Applicable Legislation, elects to assume your Policy and continue payments established by you, the Contribution Maturity Date of your Policy will continue. Refer to "Operation of Segregated Funds" of this Policy for details.

Operation of Segregated Funds

Classes of Funds

CI will manage the No-Load Class and DSC Class A of a Segregated Fund as one pool of assets. Each class may have its own unit value as a result of different management fees (including insurance fees) and other expenses. Refer to "Management Fees", "Deferred Sales Charge on a Segregated Fund" and "Other Fees" of this Policy for details.

Valuation Date

CI will value the units of each class of the Segregated Funds each Business Day for the purposes of purchase and surrender of units.

Unit Value

CI calculates the unit value of each class of each fund by using the total value of a fund's assets allocated to the class, minus all of the fund's liabilities allocated to the class, divided by the number of units in the class. The total asset value of a Segregated Fund includes cash and the value of the units of the underlying mutual fund established at the close of a valuation day.

The unit value is not guaranteed but fluctuates with the investment performance of the Segregated Fund assets.

Fund Availability

CI has the right to discontinue any Segregated Fund or any class of a Segregated Fund in which you hold units upon providing at least 60 days advance notice to you. The advance notice will specify the options available to you, the automatic default option and the effective date of the discontinuance. You may direct CI to surrender the units of the discontinuing Segregated Fund allocated to your Policy prior to the effective day of the discontinuance. If you do not direct CI to transfer the amounts of the discontinued fund to another fund or surrender the units of the discontinued fund by the effective date, CI will automatically transfer the value of the units of the discontinued fund to the automatic default option on that day. Refer to "Transfer Between Segregated Funds" and "Payments From the Plan" of this Policy for details. CI also has the right to merge and to partition funds in which you hold units upon providing 60 days advance notice to you.

Death Benefit

1) If you die before the Policy Maturity Date and the Beneficiary is your Spouse or Common-law Partner, your Spouse or Common-law Partner may elect to assume your Policy and continue payments established by you allowed under the Applicable Legislation.
2) If the Beneficiary is not a Spouse or Common-law Partner, or your Spouse or Common-law Partner elects to establish a new Policy, CI will pay your Beneficiary a death benefit equal to: the greater of the Guaranteed Minimum Value and the Market Value of the Segregated Funds allocated to your Policy.
3) The Market Value is determined on the day CI receives written notice of your death and all required documents at its head office provided they are received by 4:00 p.m. on a Business Day. If CI receives the written notice of your death and all required documents at its head office after 4:00 p.m. on a Business Day, Market Value is determined on the following Business Day. Refer to "Payments from the Plan" and "Guarantee for Segregated Funds" of this Policy for details.

Management Fees

1) Each class of Segregated Fund pays a management fee and other expenses. The management fee and other expenses include all management fees, insurance fees and other expenses charged by CI and the underlying mutual funds. The management fees are incurred in the ordinary course of the Segregated Fund operations. The other expenses include audit fees, taxes, interest expenses, bank charges, legal costs, unitholder administration costs and fund administration costs.
2) The management fee paid by a class of Segregated Fund is in addition to the management fee paid by the underlying mutual fund. However, the Segregated Fund management fee does not duplicate the fee and expenses being charged by the underlying mutual fund.
3) The management fee of the Segregated Fund is calculated daily and paid daily at an annualized percentage of the net asset value of the class of each Segregated Fund.
4) CI has the right to change the management fee applicable to a Segregated Fund in which you hold units upon providing at least 60 days advance notice to you, subject to the terms set out under "Fundamental Changes" of this Policy.
5) Management fees include insurance fees for the cost of the guarantees provided by Sun Life. Sun Life may change, from time to time, the insurance fee applicable to any fund or class in which you hold units by giving you at least 60 days prior written notice of the change. If the change results in an insurance fee that exceeds the insurance fee limit applicable at the time you purchased your Policy, you will receive the notice and rights described under "Fundamental Changes" in this Policy.

Fundamental Changes

General information

If CI or Sun Life wish to make any of the following fundamental changes, CI will notify you at least 60 days prior to making the change:

- an increase in the management fee charged against the assets of any of the Segregated Funds in which you hold units;
- a change in the fundamental investment objective of any of the Segregated Funds in which you hold units;
- a decrease in the frequency with which CI values units of any of the Segregated Funds in which you hold units;
- an increase in the insurance fee charged by Sun Life against the assets of any of the Segregated Funds in which you hold units to an amount that is greater than 0.70% per annum.

Your rights in the event of a fundamental change

Should CI or Sun Life make one of the fundamental changes listed above to any of the Segregated Funds in which you hold units, you will have the right to:

- transfer the value of your units in the Segregated Fund affected by the fundamental change to a similar fund without incurring any redemption fees or similar charges; or
- if Sun Life does not offer a Segregated Fund similar to the fund affected by the fundamental change, redeem your units in the affected fund without incurring any redemption fees or similar charges.

Your right to elect either option is effective only if CI receives your election within 5 business days prior to the end of the 60 day notice period. During this 60 day notice period, you may not transfer to a Segregated Fund subject to a fundamental change from a fund which is not subject to a fundamental change unless you agree to waive the right to redeem without incurring redemption fees or similar charges.

Deferred Sales Charge Option

With this option, you pay a deferred sales charge if you surrender DSC Class A units of a Segregated Fund within seven years of buying them.

The deferred sales charges are calculated as a percentage of the original cost to you of the DSC Class A units that you surrender from your Policy. These charges apply to any surrender, except as provided below, within the first seven years following the date on which you acquired such units. The amount of the deferred sales charge decreases, the longer you own the units. The charge will be calculated beginning with the DSC Class A units acquired with the earliest contribution to your Policy. If you reset your guarantee or make transfers from one Fund to another, the age of your contributions will not be affected for deferred sales charge purposes.

Below is the fee schedule for the deferred sales charge option:

When Units are Surrendered	Percentage Charged
Within 1st year of DSC Class A purchase	5.5%
During 2nd year of DSC Class A purchase	5.0%
During 3rd year of DSC Class A purchase	4.5%
During 4th year of DSC Class A purchase	4.0%
During 5th year of DSC Class A purchase	3.0%
During 6th year of DSC Class A purchase	2.0%
During 7th year of DSC Class A purchase	1.0%
After 7th year of DSC Class A purchase	0.0%

CI deducts the amount of the deferred sales charge from the proceeds of the gross surrender amount. The deferred sales charge will not be applied to withdrawals or exchanges which occur as a result of the Annuitant's death.

Each calendar year you may surrender some of your DSC Class A Segregated Fund units without paying the deferred sales charge, regardless of when you bought your units. The available number of units are calculated as follows:

- 10% of the number of your DSC Class A units at the end of the previous calendar year that are subject to the deferred sales charge, plus
- 10% of the number of DSC Class A units purchased during the current calendar year, multiplied by the number of months remaining in the calendar year (including the month of purchase) divided by 12.

CI has the right to modify or discontinue this free surrender right at any time in its sole discretion on 60 days notice to you. Any such change will apply only to contributions made after expiry of the notice period.

Other Fees

CI has the right to charge the following fees:

1) A fee up to $25 for returned cheque or electronic transfer refused by your bank due to insufficient funds in your bank account.
2) A fee up to 2% of the value being transferred to another financial institution or between Segregated Funds within 60 days of your contribution. This fee does not apply if money is transferred between Segregated Funds as a result of maintaining the foreign content limit under the Applicable Legislation.

General Provisions

1) The currency of this Policy is Canadian.
2) This is a non participating Policy. It is not eligible for dividends Sun Life pays to its participating policyholders.
3) At least once each year, CI will provide an annual statement with the following information:
   a) your Total Policy Value at the end of the period covered by the statement,
   b) the contribution, transfer, income payment and surrender transactions during the statement period,
   c) the management expense ratio of each underlying mutual fund during the statement period, and the total management expense ratio of each class of each Segregated Fund with a brief explanation,
   d) the overall rate of return for a Segregated Fund, if applicable,
   e) the audited financial statements for the end of the period covered by the statement, and
   f) information regarding your Periodic Income Payments (eg. minimum applicable, maximum (if applicable), income frequency, etc.)
4) You shall advise CI of any transaction inaccuracies on the annual statement within 90 days after the statement production date. If you do not bring the inaccuracies to CI's attention within the 90 day period, you will be bound by those transactions.
5) You will indemnify CI and Sun Life against any liability or cost incurred as a result of any action CI or Sun Life, as the case may be, takes in reliance in good faith on your or your agent's written or electronic direction, according to the terms of this Policy.
6) This contract consists of this Policy, the application, the addendum and any amendments agreed to in writing after the date of application.
7) This contract may not be amended nor any provision waived except by an amendment signed by the officials of Sun Life authorized to sign policies.
8) Sun Life is the party responsible for all payments to you under this Policy. CI will process certain payments on behalf of Sun Life but is not the person responsible to you for seeing that the payments are made.

Part C - Registration Provisions

Contributions

1) Contributions to a RIF, LIF or LRIF must be acceptable to the Applicable Legislation.
2) CI will allocate the contributions to the Segregated Funds in the RIF, LIF or LRIF as directed by you.
3) You may direct CI to transfer amounts between Segregated Funds within your RIF, LIF or LRIF at any time.
4) Contributions to a LIF or LRIF and all investment earnings in the Policy must be used to provide a pension according to Applicable Legislation.

Payments from the Plan

Sun Life shall only make those payments to you described in subsection 146.3(1) and paragraphs 146.3(2)(d), 146.3(2)(e) and 146.3(14)(b) of the Income Tax Act and the Applicable Legislation.

Income Amount

1) Under the applicable section of the Income Tax Act, you must receive a minimum amount of income in the calendar year following the year of your Policy establishment. At the end of each calendar year, CI shall pay you the amount necessary to ensure the minimum amount for that year has been paid.
2) For the calendar year in which your Policy is established, the minimum amount is zero.
3) For any subsequent calendar year, the minimum amount is calculated according to subsection 146.3(1) of the Income Tax Act.
4) Income amount for LIF or LRIF during a calendar year must be within the minimum and maximum amount as referred to in the applicable pension legislation.
5) The maximum amount is calculated according to Applicable Legislation each calendar year.

Periodic Income Payments

1) CI will calculate the minimum amount of this Policy each year. You may request a change to the periodic income payments each Fiscal Year upon receiving the information provided by CI .
2) If you request to receive periodic income payments in an amount in excess of the minimum amount, CI shall withhold taxes on any amount in excess of the minimum amount from the payments as required by the applicable section of the Income Tax Act and provincial tax legislation.

Lump Sum Payments

1) Upon receipt at CI's head office of your request for a lump sum payment, CI shall withdraw the specified amount.
2) For LIF and LRIF, CI will ensure the total surrender amount from this Policy does not exceed the maximum limit of that year.
3) CI shall treat lump sum payments as an amount in excess of the minimum amount. CI shall withhold taxes from any lump sum payments as required by the Applicable Legislation.

Pension Payments for LIF

1) CI will convert the Total Policy Value into a life annuity contract offered by Sun Life as required in the Applicable Legislation.
2) Sun Life will make equal monthly life annuity payments beginning on the first day of the month as directed by you on the annuity application form.
3) Once you have begun to receive annuity payments, you cannot surrender or commute the annuity during your lifetime, as applicable, or during the lifetime of the joint policyholder.

LIF or LRIF Payments Due to Shortened Life Expectancy

Where you provide evidence satisfactory to CI that, in the professional opinion of a certified medical practitioner, your life expectancy is considerably shortened due to your mental or physical impairment or terminal illness, you may surrender all or part of the Total Policy Value or adjust the terms or conditions of the income amount, subject to Applicable Legislation.

Termination of Payments

No payments from this Policy will be made after Policy termination.

Transfer to Another Financial Institution

1) You may request CI in writing to transfer amounts from this Policy to another registered retirement income fund, LIF, LRIF or any other vehicle acceptable to Applicable Legislation.
2) Before transferring your LIF or LRIF funds to another financial institution, CI will advise the new financial institution in writing of the Locked-In status and ask for its acceptance to transfer, subject to the conditions provided for by Applicable Legislation.
3) CI will pay you the balance of the minimum amount of the year before the transfer occurs.

Death Benefit

1) If you die before the Policy is terminated or having elected an annuity income benefit, CI will pay the death benefit to your Beneficiary.
2) If your Spouse or Common-law Partner is the Beneficiary, your Spouse or Common-law Partner may elect to assume the Policy subject to Applicable Legislation.
3) For LIF or LRIF, CI will pay the death benefit according to Applicable Legislation.
4) If you die after having elected an annuity option and before all of the guaranteed annuity income payments have been made, a death benefit shall be paid to the Beneficiary. If the Beneficiary is your Spouse or Common-law Partner, the Spouse or Common-law Partner becomes the annuitant under the annuity policy. The annuity income payments to the Spouse or Common-law Partner in a year after your death may not exceed the total annuity income payments in a year before your death. If the Beneficiary is not the Spouse or Common-law Partner, the commuted value of the remaining guaranteed payments will be paid in a lump sum.

Policy Assignment

1) No payments from this Policy may be assigned either in whole or in part.
2) No benefit or loan, as per subsection 146.3(2)(g) of the Income Tax Act or as amended, conditional in any way upon the existence of this Policy may be extended to you or to a person with whom you are not dealing at arms length.

General Provisions

1) You may terminate the Policy upon providing written or electronic direction to CI. This Policy terminates when all amounts have been disbursed and CI shall notify the Canada Revenue Agency.
2) If CI makes a payment under this Policy contrary to the provisions of the Applicable Legislation, Sun Life will pay you a pension in an amount which would otherwise have been payable had that payment not been made.
3) If CI transfers money contrary to the terms of this Policy, and if the subsequent institution then makes a payment contrary to the provisions of the Applicable Legislation, Sun Life will pay you a pension in an amount which would otherwise have been payable had that transfer not been made.

Part D - Provincial LIF / LRIF Provisions

ALBERTA

LOCKED-IN RETIREMENT INCOME FUND (LRIF) PROVISION

This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provisions.

In this provision, all capitalized terms have the meaning assigned to those terms under the Alberta Employment Pension Plans Act ("the Act") and the Alberta Regulations 35/2000 ("the Regulations"), as amended from time to time.

In this provision, the words "acknowledged", "contract", "addendum", "financial institution", "fiscal year", "list", "owner", "surviving spouse owner" have the same meanings as those words in sections 39 of the Regulation unless this provision states otherwise.

The words "LIF", "LIRA", "LRIF", "life annuity contract", and "RRIF" have the same meaning as are respectively given to these words in section 2 of the Regulation.

The word "pension", "RRSP", "spouse", "Superintendent" and "Year's Maximum Pensionable Earnings" shall have the same meaning as are respectively given to those words in section 1 of the Act.

The definition of Spouse does not include any person who is not recognized as a Spouse for the purposes of any provision of the Income Tax Act.

The Act requires that this Policy contains the following provisions in respect of such contributions which represent LRIF amounts.

1. All money, including all investment earnings, subject to any transfer to or from the Policy is to be used to provide or secure a pension as required by the Act and the Regulation.

2. The money under this Policy will be invested in a manner which complies with the rules For investment of RRIF as provided for in the Income Tax Act (Canada), and will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is:
   a) the Policyholder,
   b) the Spouse, parent, brother, sister or child of the Policyholder, or
   c) the Spouse of the parent, brother, sister or child of the Policyholder.

3. The fiscal year of the Policy ends on December 31 of each Year.

4. The Policyholder will be paid an income the amount of which may vary annually and that payment of the income will commence no later than the last day of the second fiscal year of the Policy.

5. For the initial fiscal year of the Policy, the minimum amount to be paid is set to zero.

6. If the money in the Policy is derived from money transferred directly or indirectly during the first fiscal year following the transfer from another Policy of the Policyholder, the maximum amount to be paid is equal to zero, except to the extent that the Income Tax Act requires the payment of a higher amount.

7. For the purpose of:
   a) a transfer of assets,
   b) the purchase of a life annuity contract,
   c) a payment or transfer on the death of the Policyholder, and
   d) the determination of the maximum benefits payable;

   the value of the Policy shall be the fair market value of the Policy at the relevant time.

8. The Policyholder is to establish the amount of income to be paid during each fiscal year of the Policy at the beginning of that fiscal year and after the receipt of the information specified in paragraph 9 of this addendum, except that if the financial institution guarantees the rate of return at the beginning of that period, the amount of income to be paid during any one or more of the calendar years that end not later that the expiration of that period.

9. The Financial Institution shall provide:
   a) to the Policyholder, at the beginning of each fiscal year, information on
      i) the sums, deposited, the investment income, gains and losses earned, the payments made out of the Policy and the fees charged against it during the previous fiscal year,
      ii) the balance in the Policy, and
      iii) the mi ni mum amount that must, and the maximum amount that may, be paid out of the Policy to the Policyholder during the current fiscal year,
   b) to the Policyholder, if the balance in the Policy is transferred as described in paragraph 8, the information described in clause (a), as of the date of transfer, and
   c) if the Policyholder dies before the balance in the contract is used to purchase a life annuity contract or transferred under paragraph 8, to the person entitled to receive the balance, the information described in clause (a), as of the date of death.

10. The amount of income paid to the Policyholder during each Fiscal Year of the Policy will not exceed the maximum amount which is calculated as the greatest of:

    a) the Total Policy Value at the beginning of each Fiscal Year (all amounts transferred in the Policy less all amounts transferred out of the Policy);
    b) the investment income earned in the immediately previous Fiscal Year of the Policy, and
    c) if the payment is being made in the Fiscal Year in which the Policy was established or in the Fiscal Year immediately following its establishment, 6% of the Total Policy Value of the Policy at the beginning of that Fiscal Year, prorated, where applicable, in proportion to the number of months in the fiscal year for which the contract was established divided by 12, with any part of an incomplete month counting as one month. If the maximum amount is less than the minimum specified under the Income Tax Act, the minimum amount prevails.

11. If in any fiscal year of the Policy, an additional transfer is made to the Policy and that additional transfer has never been under a contract or a LIF before, an additional withdrawal will be allowed in that fiscal year. This additional amount of withdrawal will not exceed the maximum amount that would be calculated under this addendum if the additional transfer were being transferred into a separate contract and not this Policy.

12. If money under this Policy is paid out contrary to the Act or Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

13. The Policyholder may at any time use all or part of the Total Policy Value to purchase an immediate life annuity contract.

14. The Policyholder may, prior to using the balance of the Policy to purchase an immediate life annuity contract, transfer all or part of the Total Policy Value to:
    a) an acknowledged LIRA,
    b) a deferred life annuity contract in accordance with the Income Tax Act,
    d) an acknowledged LRIF, or
    e) an acknowledged LIF.

15. Where the Policy holds identifiable and transferable securities, the transfer or purchase referred to in paragraphs 13 and 14 may, unless otherwise stipulated, at the option of Sun Life and with the consent of the Policyholder, be effected by remittance of the investment securities of the Policy

16. Where the balance in the Policy is used to purchase a life annuity contract, the pension to be provided to a living non-spouse owner with a spouse at the date when that Policyholder commences the pension is to be such joint life pension as would, if the Policyholder were a former member as defined in the Act unless the spouse waives the entitlement in the form and manner prescribed in Form 1 of Schedule 1 of the Regulation.

17. If a Policyholder does not have a Spouse on the date of death, Sun Life will pay the Total Policy Value to:
    a) the designated beneficiary, or
    b) the estate of the deceased if there is no beneficiary designation, within 60 days after receiving the required relevant documents.

18. Subject to Part 3.1 of the Act and Part 4 of the Regulation, the entitlement of any Policyholder to a benefit is subject to entitlements arising under a matrimonial property order filed with Sun Life. With respect to the share of a non-member-spouse, the conditions set out in Part 3.1 of the Act and Part 4 of the Regulation continue to apply to that share if it is transferred into a LIRA, LIF or LRIF

19. Sun Life will only transfer assets to a financial institution that is on the approved list maintained by the Superintendent. Sun Life will advise the financial institution of the requirement to lock-in the money as per the Regulations and receive its acceptance to deal with the money transferred in accordance with the locked-in provisions of the Act.

20. If money under this Policy is transferred to another financial institution in a manner which does not comply with the Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

21. In order to effect the transfer to an acknowledged LRIF, if there is a Spouse, the Spouse must file with Sun Life the joint and survivor pension waiver in the form and manner prescribed in the Regulations.

22. Where a physician certifies that due to physical disability, the life expectancy of the Policyholder is likely to be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments. To permit commutation due to shortened life expectancy, if there is a Spouse, the Spouse must file with Sun Life before the withdrawal, a Spouse's waiver in the form and manner prescribed in Form 2 of Schedule 1 of the Regulations.

23. Money in the Policy cannot be commuted or surrendered during the lifetime of the Policyholder. The Policyholder may apply to receive a lump sum payment equal to the Total Policy Value:

    a) if the Total Policy Value does not exceed 20% of the Year's Maximum Pensionable Earnings (YMPE) for the calendar year in which the application is made, or
    b) if
        i) the Policyholder has attained the age of 65 years at the end of the preceding fiscal year,
        ii) the application is accompanied by a completed declaration in the form set out in Schedule 3 of the Regulation, and
        iii) the value of this Policy and of other plans and contracts listed in Schedule 3 of the Regulation belonging to the Policyholder does not exceed 40 % of the YMPE for the year in which the application is made.

24. If the Policy is not eligible for the payment option referred to in paragraph 23 it may not be severed and transformed into two or more contracts in order to become eligible.

25. A Policyholder may request a lump sum withdrawal if:
    a) the Policyholder provides Sun Life with written evidence that the Canada Customs and Revenue Agency has confirmed that they have become a non-resident for the purpose of the *Income Tax Act* (Canada), and
    b) the Spouse has waived all entitlements under the Policy in the form and manner prescribed in Form 2 of Schedule 1 of the Regulation.

26. Except as provided in the Act, money in this Policy cannot be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment. Any transaction purporting to assign, charge, alienate or anticipate is deemed void.

27. Monies which are not locked-in will be held in a separate account for the Policyholder.

ALBERTA

LIFE INCOME FUND (LIF) PROVISION

This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provisions.

In this provision, all capitalized terms have the meaning assigned to those terms under the Alberta Employment Pension Plans Act ("the Act") and the Alberta Regulations 35/2000 ("the Regulations"), as amended from time to time.

In this provision, the words "acknowledged", "contract", "financial institution", "fiscal year", "list", "owner", "surviving spouse owner" have the same meanings as those words in sections 39 of the Regulation unless this provision states otherwise.

The words "LIF", "LIRA", "LRIF", "life annuity contract", and "RRIF" have the same meaning as are respectively given to these words in section 2 of the Regulation.

The word "pension", "RRSP", "spouse", "Superintendent" and "Year's Maximum Pensionable Earnings" shall have the same meaning as are respectively given to those words in section 1 of the Act.

The definition of Spouse does not include any person who is not recognized as a Spouse for the purposes of any provision of the Income Tax Act.

The Act requires that this Policy contains the following provisions in respect of such contributions which represent LIF amounts.

1. All money, including all investment earnings, subject to any transfer to or from the Policy is to be used to provide or secure a pension as required by the Act and the Regulations.

2. The money under this Policy will be invested in a manner which complies with the rules for investment of RRIF as provided for in the Income Tax Act (Canada), and will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is:
   a) the Policyholder,
   b) the Spouse, parent, brother, sister or child of the Policyholder, or
   c) the Spouse of the parent, brother, sister or child of the Policyholder.

3. The fiscal year of the Policy ends on December 31 of each Year.

4. The Policyholder will be paid an income the amount of which may vary annually and that payment of the income will commence not later that the last day of the second fiscal year of the Policy.

5. For the purposes of:
   a) a transfer of assets,
   b) the purchase of a life annuity contract,
   c) a payment or transfer on the death of the Policyholder, and
   d) the determination of the maximum benefits payable: the value of the Policy shall be the fair market value of the Policy, at the relevant time.

6. The Policyholder is to establish the amount of income to be paid during each fiscal year of the Policy at the beginning of that fiscal year and after the receipt of the information specified in paragraph 7, except that if the if the financial institution guarantees the rate of return of the Policy over a period that is greater that one year, then the Policyholder may establish, at the beginning of that period, the amount of income to be paid during any one or more of the calendar years that end not later than the expiration of that period.

7. The Financial Institution shall provide:
   a) to the Policyholder, at the beginning of each fiscal year, information on
      i) the sums, deposited, the investment income, gains and losses earned, the payments made out of the Policy and the fees charged against it during the previous fiscal year,
      ii) the balance in the Policy, and
      iii) the minimum amount that must, and the maximum amount that may, be paid out of the Policy to the Policyholder during the current fiscal year,
   b) to the Policyholder, if the balance in the Policy is transferred as described in paragraph 14, the information described in clause (a), as of the date of transfer, and
   c) if the Policyholder dies before the balance in the contract is used to purchase a life annuity contract or transferred under paragraph 14, to the person entitled to receive the balance, the information described in clause (a), as of the date of death.

8. The amount of income paid to the Policyholder during each Fiscal Year of the Policy will not exceed the maximum amount which is calculated as: C/F where
   C= the Total Policy Value in the Policy on the first day of the Fiscal Year, and
   F= the value on January 1 of the Fiscal Year in which the calculation is made of a guaranteed amount which the annual payment is $1 payable at the beginning of each Fiscal Year between that date and December 31 of the year during which the Policyholder attains the age of 90 years.

9. The value of F in paragraph 3 will be calculated by using:
   a) an interest rate of not more than 6% per year,
   or
   b) for the first 15 years after the date of the valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the year of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series B-14013, and using an interest rate not exceeding 6% in subsequent years.

10. For the initial fiscal year of the Policy, the minimum amount to be paid is set to zero and the limit C/F is adjusted in proportion to the number of months in the fiscal year divided by 12 with any part of an incomplete month counting as one.

11. Where contribution to the Policy is from a Locked-In retirement savings plan or LIRA, and the contribution is applied to the Policy on a day other than January 1, the maximum amount of income is adjusted in proportion to the number of months remaining in that calendar year from the date the contribution was made, with any incomplete month counting as one month.

12. Where the contribution to the Policy is from another LIF or a LRIF, the maximum amount of income in the year of the transfer is zero.

13. In any Fiscal Year where an additional contribution is made to the Policy and that additional contribution has never been in a LIF, an additional surrender will be allowed in that Fiscal Year. This additional surrender will not exceed the maximum that would be calculated if the additional contribution were being transferred into a separate LIF and not this Policy.

14. If money under this Policy is paid out contrary to the Act or Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable. The Policyholder may, prior to using the Total Policy Value to purchase an immediate life annuity contract, transfer all or part of the Total Policy Value to:
    a) an acknowledged LIRA,
    b) a deferred life annuity contract, in accordance with the Income Tax Act,
    c) an acknowledged LIF, or
    d) an acknowledged LRIF.

15. In order to effect the transfer to an acknowledged LIF or LRIF, if there is a Spouse, the Spouse must file with Sun Life the joint and survivor pension waiver in the form and manner prescribed in the Regulation.

16. Sun Life will only transfer assets to a financial institution that is on the approval list maintained by the Superintendent. Sun Life will advise the financial institution of the requirement to lock-in the money as per the Regulations and receive its acceptance to deal with the money transferred in accordance with the locked-in provisions of the Act.

17. If money under this Policy is transferred to another financial institution in a manner which does not comply with the Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

18. The Total Policy Value must be used to purchase an immediate life annuity contract no later than December 31 of the year in which the Policyholder attains the age of 80 years. The Policyholder may at any time prior to this date use all or part of the Total Policy Value to purchase an immediate life annuity contract.

19. Where the Policy holds identifiable and transferable securities, the transfer or purchase referred to in paragraphs 14 and 18 may, unless otherwise stipulated, at the option of Sun Life and with the consent of the Policyholder, be effected by remittance of the investment securities of the Policy.

20. Where a Policyholder has a Spouse at the date the pension commences elects a life pension, the life pension will provide for a joint and last survivor life annuity contract with at least 60% payable to the surviving Spouse after the Policyholder or Spouse's death. The Policyholder may elect this form of pension with or without a guarantee not exceeding 15 years. The pension payments to the Spouse in a year after the death of the Policyholder may not exceed the total pension payments in a year before that death.

21. If a Policyholder does not have a Spouse on the date of death, Sun Life will pay the Total Policy Value to:
    a) the designated beneficiary, or
    b) the estate of the deceased if there is no beneficiary designation, within 60 days after receiving the required relevant documents.

22. A Policyholder who has a Spouse at the date pension commences will not be entitled to elect any optional form of pension unless the Spouse files, with Sun Life, the joint and survivor pension waiver form prescribed in form 1 of Schedule 1 of the Regulation. The waiver must be filed with Sun Life no more than 90 days prior to the date pension commences. For a Policyholder whose Spouse has filed a waiver, the normal form of the life annuity contract is guaranteed for the lifetime of the Policyholder, with or without a guaranteed period not exceeding 15 years.

23. Sun Life will pay the life annuity income in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted:
    a) to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada or a rate provided for in the annuity contract, not exceeding 4% per annum; or
    b) because the Policyholder has elected a spousal survivor benefit according to section 32 of the Act.

24. If the Policyholder does not provide Sun Life with the necessary documents to start a pension by December 31 of the year in which the Policyholder attains age 80 years, Sun Life will purchase an immediate life annuity, in accordance with the Income Tax Act, for the Policyholder.

25. Money in the Policy cannot be commuted or surrendered during the lifetime of the Policyholder. The Policyholder may apply to receive a lump sum payment equal to the Total Policy Value:

    a) if the Total Policy Value does not exceed 20% of the Year's Maximum Pensionable Earnings (YMPE) for the calendar year in which the application is made, or
    b) if
        i) the Policyholder has attained the age of 65 years at the end of the preceding fiscal year,
        ii) the application is accompanied by a completed declaration in the form set out in Schedule 3 of the Regulation, and
        iii) the value of this Policy and of other plans and contracts listed in Schedule 3 of the Regulation belonging to the Policyholder does not exceed 40 % of the YMPE for the year in which the application is made.

26. If the Policy is not eligible for the payment option referred to in paragraph 25, it may not be severed and transformed into two or more contracts in order to become eligible.

27. A Policyholder may request a lump sum withdrawal if:
    a) the Policyholder provides Sun Life with written evidence that the Canada Customs and Revenue Agency has confirmed that they have become a non-resident for the purpose of the *Income Tax Act* (Canada), and

    b) the Spouse has waived all entitlements under the Policy in the form and manner prescribed in Form 2 of Schedule 1 of the Regulation.

28. Where a physician certifies that due to physical disability, the life expectancy of the Policyholder is likely to be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments. To permit commutation due to shortened life expectancy, if there is a Spouse, the Spouse must file with Sun Life before the withdrawal, a Spouse's waiver in the form and manner prescribed in Form 2 of Schedule 1 of the Regulation.

29. Except as provided in the Act, money in this Policy cannot be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment. Any transaction purporting to assign, charge, alienate or anticipate is deemed void.

30. Subject to Part 3.1 of the Act and Part 4 of the Regulation, the entitlement of any Policyholder to a benefit is subject to entitlements arising under a matrimonial property order filed with Sun Life. With respect to the share of a non-member-spouse, the conditions set out in Part 3.1 of the Act and Part 4 of the Regulation continue to apply to that share if it is transferred into a LIRA, LIF or LRIF.

31. Monies which are not locked-in will be held in a separate account for the Policyholder.

ALBERTA

LOCKED-IN RETIREMENT ACCOUNT (LIRA) PROVISION

This provision takes precedence over any other provision of the Policy.

In this provision, all capitalized terms have the meaning assigned to those terms under the *Alberta Employment Pension Plans Act* (“the Act”) and the *Alberta Regulation* 35/2000 (“the Regulation”), as amended from time to time.

In this provision, the words “acknowledged”, “contract”, “financial institution”, “list”, “owner” and “surviving spouse owner” have the same meaning as are respectively given to these words in section 39 of the Regulation. The words “LIF”, “LIRA”, “LRIF” and “life annuity contract” have the same meanings as those words in section 2 of the Regulation. The words “pension”, “RRSP”, “Year’s Maximum Pensionable Earnings” and “spouse” shall have the same meanings as those words in section 1 of the Act.

For the purposes of any provisions of the *Income Tax Act*, the Income Tax definitions of spouse and common-law partner will apply.

1. In order to effect the transfer to an acknowledged LIF or LRIF, if there is a spouse, the spouse must file with Sun Life the joint and survivor pension waiver in the form and manner prescribed in Form 1 of Schedule 1 of the Regulation.

2. Where a physician certified that due to mental of physical disability, the life expectancy of the Policyholder is likely to be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments. To permit commutation due to shortened life expectancy, if there is a spouse, the spouse must file with Sun Life before the withdrawal, a spouse’s waiver in the form and manner prescribed in Form 2 of Schedule 1 of the Regulation.

3. Where a Policyholder who has a spouse at the date the pension commences elects a life pension, the life pension will provide for a joint and last survivor life annuity contract with at least 60% payable to the surviving spouse after the Policyholder or spouse’s death. The Policyholder may elect this form of pension with or without a guarantee not exceeding 15 years. The pension payments to the spouse in a year after the death of the Policyholder may not exceed the total pension payments in a year before that death.

4. A Policyholder has a spouse at the date pension commences. The pension is to be a joint life pension in compliance with the Act, unless the spouse files with Sun Life, the joint and survivor pension waiver in the form and manner prescribed in Form 1 of Schedule 1 of the Regulation.

5. The retirement income shall be payable in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted to the lesser of all or part of the annual increase in the Consumer’s Price Index, as published by Statistics Canada or a rate provided for in the annuity contract, not exceeding 4% per annum; or because the Policyholder has elected a spousal survivor benefit according to section 32 of the Act.

6. Where the death benefit represents a refund of premiums, as defined in paragraph 146(1) or any applicable paragraph of the *Income Tax Act*, the spouse will have the right to elect one of the following options:
   a) subject to the provisions of the Applicable Legislation, to transfer the value of the death benefit to an acknowledged Financial Institution authorized to receive contributions under an acknowledged LIRA, LIF or LRIF of which the spouse is the Policyholder, or
   b) to purchase a life annuity contract in any form as permitted by paragraph 60(l)(ii) or any applicable paragraph of the *Income Tax Act*.

7. If a Policyholder does not have a Spouse on the date of death, Sun Life will pay the Total Policy Value to:
   a) the designated beneficiary, or
   b) the estate of the deceased if there is no beneficiary designation, within 60 days after receiving the required relevant documents.

8. The pension benefit will be invested in a manner which complies with the rules for investment of registered retirement savings plans as provided for in the *Income Tax Act* (Canada), and will not be invested, directly or indirectly in any mortgage in respect of which the mortgagor is:

   a) the owner of the LIRA,
   b) the spouse, parent, brother, sister or child of the owner of the LIRA, or
   c) the spouse of the parent, brother, sister or child of the owner of the LIRA.

9. Sun Life will only transfer assets, subject to the Regulation, to:
   a) another LIRA,
   b) a life annuity purchased in accordance with subsection 146(1) of the *Income Tax Act*,
   c) another registered pension plan,
   d) a registered LIF, or
   e) a registered LRIF.

10. Subject to paragraph 9, all money, including all investment earnings, subject to any transfer to or from the Policy is to be used to provide or secure a pension that would, but for the transfer and previous transfer, if any, be required by the Act and the Regulation.

11. Money in the Policy cannot be commuted or surrendered during the lifetime of the Policyholder. The Policyholder may apply to receive a lump sum payment equal to the Total Policy Value:
    a) if the Total Policy Value does not exceed 20% of the Year’s Maximum Pensionable Earnings (YMPE) for the calendar year in which the application is made, or
    b) if
       i) the Policyholder has attained the age of 65 years at the end of the preceding fiscal year,
       ii) the application is accompanied by a completed declaration in the form set out in Schedule 3 of the Regulation, and
       iii) the value of this Policy and of other plans and contracts listed in Schedule 3 of the Regulation belonging to the Policyholder does not exceed 40 % of the YMPE for the year in which the application is made.

12. If the Policy is not eligible for the payment option referred to in paragraph 11, it may not be severed and transformed into two or more contracts in order to become eligible.

13. A Policyholder may request a lump sum withdrawal if:
    a) the Policyholder provides Sun Life with written evidence that the Canada Customs and Revenue Agency has confirmed that they have become a non-resident for the purpose of the *Income Tax Act* (Canada) and,
    b) the Spouse has waived all entitlements under the Policy in the form and manner prescribed in Form 2 of Schedule 1 of the Regulation.

14. Except as provided in the Act, money in this Policy cannot be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment. Any transaction purporting to assign, alienate or anticipate is deemed void.

15. Subject to Part 3.1 of the Act and Part 4 of the Regulation, the entitlement of any Policyholder to a benefit is subject to entitlements arising under a matrimonial property order filed with Sun Life. With respect to the share of a non-member-spouse, the conditions set out in Part 3.1 of the Act and Part 4 of the Regulation continue to apply to that share if it is transferred into a LIRA, LIF or LRIF.

16. If money under this Policy is paid out contrary to the Act or the Regulation, Sun Life will provide or ensure the Policyholder the Pension which otherwise would have been payable.

17. Sun Life will only transfer assets to a financial carrier that is on the approval list maintained by the Superintendent. Sun Life will advise the financial carrier of the requirement to lock-in the money as per the Regulation and receive its acceptance to deal with the money transferred in accordance with the locked-in provisions of the Regulation.

18. If money under this Policy is transferred to another financial carrier in a manner which does not comply with the Regulation, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

19. If the Policyholder does not provide Sun Life with the necessary documents to start a pension, Sun Life will, before the date at which the owner becomes ineligible under the *Income Tax Act* to hold an RRSP, purchase an immediate life annuity, in accordance with the *Income Tax Act*, for the owner, or transfer the money to a LIF or LRIF on the conditions specified in the Regulation, as the case may be.

20. Sun Life, upon receipt of an application from a Policyholder, will refund an amount in order to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada).

21. Monies which are not locked-in will be held in a separate account for the Policyholder.

BRITISH COLUMBIA

LOCKED-IN PENSION PROVISION FOR THE CLARICA PORTFOLIO RSP AND LIRA

This provision takes precedence over any other provision of the Policy. In this provision, all capitalized terms shall have the same meanings as those terms under the Pension Benefits Standards Act of British Columbia ("the Act") and the Regulations, as amended from time to time. 'Policy' shall have the same meaning as 'Contract', and 'Financial Carrier' shall have the same meaning as 'Underwriter' as defined in subsection 29 of the Regulations. The Act requires that this Policy contain the following provisions in respect of such deposits which represent Locked-In amounts.

1. All money, including all investment earnings, must be Locked-In during the lifetime of the Policyholder, and must be used to provide or secure a Pension as required by the Act.

2. Prior to Pension Commencement, money can be:
    a) transferred to another approved Locked-In Registered Retirement Savings Plan ("RRSP") that complies with the requirements of the Act and the Regulations,
    b) used to purchase a Life Annuity Contract as specified in the Canadian Income Tax Act, or
    c) transferred to a Pension Plan according to section 33(2)(a) of the Act, or
    d) transferred to an approved Life Income Fund ("LIF") that complies with the requirements of the Act and the Regulations.

3. Sun Life will transfer assets only to a Financial Carrier and an approved contract that are on the list of Underwriters approved by the Superintendent of Pensions. Sun Life will advise the carrier in writing of the requirement to lock-in the money as per the Regulations and receive its acceptance to deal with the money transferred in accordance with the Locked-In provisions of the Act.

4. Money will be invested in a manner that complies with the rules for the investment of RRSP money contained in the Canadian Income Tax Act and its regulations. The money will not be invested, directly or indirectly, in any mortgage under which the mortgagor is the owner of the RRSP or the parent, brother, sister or child of the owner of the RRSP or the spouse of any of those persons.

5. No money that is not Locked-In can be transferred to or held under this Policy, unless it is held in a separate Policyholder Account.

6. If the money under this Policy is transferred to another Financial Carrier in a manner which does not comply with the Regulations, Sun Life will provide or ensure the Policyholder the Pension which otherwise would have been payable.

7. If the money under this Policy is paid out contrary to the Act or Regulations, Sun Life will provide or ensure the Policyholder the Pension which otherwise would have been payable.

8. If a Policyholder has a spouse at the date of Pension Commencement, the type of Pension to be provided is a joint and last survivor Annuity Contract with at least 60% payable to the surviving spouse after the Policyholder or the spouse's death. The spouse may waive the right to such a Pension by filing a prescribed waiver form with Sun Life prior to Pension Commencement.

9. If the Policyholder dies prior to payment of the Pension, the money shall be used to provide a Pension for the surviving spouse. The surviving spouse may transfer the proceeds to an approved Locked-In RRSP or use the proceeds to purchase a LIF or a Life Annuity Contract as specified in section 60(l)(ii) of the Canadian Income Tax Act. A spouse may waive the spouse's entitlement to the death benefit by filing a prescribed waiver form with Sun Life.

10. Subject to paragraphs 11 and 12, withdrawal, commu tation or surrender of money is not permitted.

11. Where a physician certifies that due to physical disability, the life expectancy of the Policyholder is likely to be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments. If there is a spouse, the spouse must file with Sun Life a prescribed waiver form before the withdrawal.

12. Except as provided in the Act, money in this Policy cannot be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment. Any transaction purporting to assign, alienate or anticipate is deemed void. Pension Benefits are a family asset under the Family Relations Act.

13. Sun Life, on receipt of an application from a Policyholder, will refund an amount in order to reduce the amount of tax otherwise payable under Part X.1 of the Income Tax Act (Canada).

14. The Total Policy Value may be paid in a lump sum to the Policyholder who is at least 65 years of age provided the entire amount accumulated in all of the retirement savings plans referred to in Form 5 of Schedule 2 of the Regulations does not exceed 40% of the Yearly Maximum Pensionable Earnings determined according to the Canada Pension Plan for the year in which the Policyholder applies for the payment. If the Policyholder has a spouse, Form 2 of Schedule 2 of the Regulations must accompany the application.

15. Where a Policyholder completes Form 6 of Schedule 2 of the Regulations and provides written evidence that the Canada Customs and Revenue Agency has determined that the Policyholder has been a non-resident of Canada for at least 2 years, Sun Life will pay the locked-in funds to the Policyholder upon request. If the Policyholder has a spouse, Form 2 of Schedule 2 of the Regulations must accompany the application.

BRITISH COLUMBIA

LIFE INCOME FUND (LIF) PROVISION FOR THE CLARICA PORTFOLIO RIF/LIF/LRIF

This document is the specimen document to be used in connection with the Clarica Portfolio which will receive transfers of LIF monies according to the Pension Benefits Standards Act and Regulations.

This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provisions.

In this provision, all capitalized terms shall have the same meanings as those terms under the Pension Benefits Standards Act of British Columbia ("the Act") and the Regulations, as amended from time to time. 'Policy' shall have the same meaning as 'contract', and 'financial institution' shall have the same meaning as 'underwriter' as defined in subsection 30 of the Regulations.

The definition of spouse does not include any person who is not recognized as a spouse for the purposes of any provisions of the Income Tax Act.

The Act requires that this Policy contains the following provisions in respect of such contributions which represent LIF amounts.

1. All money, including all investment earnings, must be Locked-In during the lifetime of the Policyholder, and must be used to provide or secure a pension as required by the Act and the Regulations.

2. The money under this Policy will be invested in a manner which complies with the rules for investment of RRIF as provided for in the Income Tax Act (Canada), and will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is:
   a) the Policyholder,
   b) the Spouse, parent, brother, sister or child of the Policyholder, or
   c) the Spouse of the parent, brother, sister or child of the Policyholder.

3. Except as provided in the Act, money in this Policy cannot be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment. Any transaction purporting to assign, alienate or anticipate is deemed void. Pension benefits are a family asset under the Family Relations Act.

4. The amount of income paid to the Policyholder during each Fiscal Year of the Policy will not exceed the maximum amount which is calculated as: C/F where
   C= the Total Policy Value in the Policy on the first day of the Fiscal Year, and
   F= the value on January 1 of the Fiscal Year, of a pension of which the annual payment is $1 payable at the beginning of each Fiscal Year between that date and December 31 of the year during which the Policyholder attains the age of 90 years. For the initial fiscal year of the plan, January 1 is deemed to be the first day of the fiscal year.

5. The value of F in paragraph 4 will be calculated by using:
   a) an interest rate of not more than 6% per year, or
   b) for the first 15 years after the date of the valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the year of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series B-14013, and using an interest rate not exceeding 6% in subsequent years.

6. Where contribution to the Policy is from a Locked-In retirement savings plan or LIRA, and the contribution is applied to the Policy on a day other than January 1, the maximum amount of income is adjusted in proportion to the number of months remaining in that calendar year from the date the contribution was made, with any incomplete month counting as one month.

7. Where the contribution to the Policy is from another LIF, the maximum amount of income in the year of the transfer is zero.

8. In any Fiscal Year where an additional contribution is made to the Policy and that additional contribution has never been in a LIF, an additional surrender will be allowed in that Fiscal Year. This additional surrender will not exceed the maximum that would be calculated if the additional contribution were being transferred into a separate LIF and not this Policy.

9. If money under this Policy is paid out contrary to the Act or Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

10. Subject to paragraphs 3 and 4, withdrawal, commutation or surrender of money is not permitted.

11. The Policyholder may, prior to using the Total Policy Value to purchase an immediate life annuity contract, transfer all or part of the Total Policy Value to:
    a) an approved Locked-In Registered Retirement Savings Plan ("RRSP") that complies with the requirements of the Act and the Regulations,
    b) purchase a Life Annuity Contract as specified in the Canadian Income Tax Act, or
    c) an approved Life Income Fund ("LIF") that complies with the requirements of the Act and the Regulations.

12. Sun Life will only transfer assets to a contract of a financial institution that is on the list of Underwriters approved by the Superintendent of Pensions. Sun Life will advise the financial institution in writing of the requirement to lock-in the money as per the Regulations and receive its acceptance to deal with the money transferred in accordance with the locked- in provisions of the Act.

13. If the money under this Policy is transferred to another financial institution in a manner which does not comply with the Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

14. The Total Policy Value must be used to purchase an immediate life annuity contract no later than December 31 of the year in which the Policyholder attains the age of 80 years. The Policyholder may at any time prior to this date use all or part of the balance of the Policy to purchase an immediate life annuity contract.

15. Where a Policyholder has a Spouse at the date of pension commences elects a life pension, the life pension will provide for a joint and last survivor life annuity contract with at least 60% payable to the surviving Spouse after the Policyholder or Spouse's death. The Policyholder may elect this form of pension with or without a guarantee period not exceeding 15 years. The pension payments to the Spouse in a year after the death of the Policyholder may not exceed the total pension payments in a year before that death.

16. A Policyholder who has a Spouse at the date pension commences will not be entitled to elect any optional form of pension unless the Spouse files, with Sun Life, a prescribed waiver form. The waiver must be filed with Sun Life no more than 90 days prior to the date pension commences. For a Policyholder whose Spouse has filed a waiver, the normal form of the life annuity contract is guaranteed for the lifetime of the Policyholder, with or without a guaranteed period not exceeding 15 years.

17. Sun Life will pay the life annuity income in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted:
    a) to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada or a rate provided for in the annuity contract, not exceeding 4% per annum;

    or

    b) because the Policyholder has elected a spousal survivor benefit according to section 35 of the Act.

18. If the Policyholder does not provide Sun Life with the necessary document to start a pension by December 31 of the year in which the Policyholder attains age 80 years, Sun Life will purchase an immediate life annuity contract, in accordance with the Income Tax Act, for the Policyholder.

19. Where a physician certifies that due to physical disability, the life expectancy of the Policyholder is likely to be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments. To permit commutation due to shortened life expectancy, if there is a Spouse, the Spouse must file with Sun Life before the withdrawal a prescribed waiver form.

20. If the Policyholder dies prior to payment of the pension, the money shall be used to provide a pension for the surviving Spouse. The surviving Spouse may transfer the proceeds to an approved Locked-In RRSP or use the proceeds to purchase a LIF or a Life Annuity Contract as specified in section 60(l)(ii) of the Canadian Income Tax Act. A Spouse may waive the Spouse's entitlement to the death benefit by filing a prescribed waiver form with Sun Life.

21. Monies which are not locked-in will be held in a separate account for the Policyholder.

22. The Total Policy Value may be paid in a lump sum to the Policyholder who is at least 65 years of age provided the entire amount accumulated in all of the retirement savings plans referred to in Form 5 of Schedule 2 of the Regulations does not exceed 40% of the Yearly Maximum Pensionable Earnings determined according to the Canada Pension Plan for the year in which the Policyholder applies for the payment. If the Policyholder has a spouse, Form 2 of Schedule 2 of the Regulations must accompany the application.

23. Where a Policyholder completes Form 6 of Schedule 2 of the Regulations and provides written evidence that the Canada Customs and Revenue Agency has determined that the Policyholder has been a non-resident of Canada for at least 2 years, Sun Life will pay the locked-in funds to the Policyholder upon request. If the Policyholder has a spouse, Form 2 of Schedule 2 of the Regulations must accompany the application.

MANITOBA

LOCKED-IN RETIREMENT ACCOUNT (LIRA) PROVISIONS

This provision takes precedence over any other provision of the Policy.

In this provision, the word "Act" means The *Pension Benefits Act*, C.C.S.M. c, P32 and the word "Regulations" means Manitoba Regulations 188/87R as amended, being the Pension Benefits Regulations under the Act.

In this provision, the words "spouse", "approved", "contract", "financial institution", "LIRA", "LIF", "LRIF", "life annuity contract", "common law partner", and "transfer" shall have the same meanings as those words in section 1, 18.1, 18.2 and 18.3 of the Regulations. The words "pension benefit" shall have the same meaning as "pension benefit credit" in section 1(1) of the Act.

For the purposes of any provisions of the *Income Tax Act*, the Income Tax definitions of spouse, and common-law partner will apply.

The Act requires that this Policy contain the following provisions in respect of such premiums which represent Locked-In amounts.

1. The normal form of life pension where a Policyholder who has a Spouse or Common Law Partner at the date the pension commences elects a life pension will be guaranteed for the lifetime of the Policyholder and the Spouse or Common Law Partner reducing to not less than 66-2/3% on the death of the Policyholder or the Spouse or Common Law Partner and continuing thereafter to the surviving Spouse or Common Law Partner for life. The Policyholder may elect this form of life pension with or without a guarantee not exceeding 15 years. The retirement income payments to the Spouse or Common Law Partner in a year after the death of the Policyholder may not exceed the total retirement income payments in a year before that death. The amount of life pension shall be determined on a basis which does not take into account the sex of the annuitant.

2. According to sections 23 and 24 of the Act, a Policyholder who has a Spouse or Common Law Partner at the date pension commences shall not be entitled to elect any optional form of pension unless the Policyholder and Spouse or Common Law Partner file with Sun Life, prescribed Spousal Pension Waiver form signed by both the Policyholder and Spouse or Common Law Partner. The Spousal Pension Waiver form must be filed with Sun Life prior to the date pension commences. The Policyholder and Spouse or Common Law Partner may cancel the waiver at any time by sending a written notice, signed by the Policyholder and Spouse or Common Law Partner, to Sun Life prior to the date pension begins.

3. Where a Policyholder dies, the death benefit shall be paid
   a) To the surviving Spouse or Common Law Partner where the Spouse or Common Law Partner has not received or is not entitled to receive a transfer under subsection 31(2) of the Act. Where the death benefit represents a refund of premiums, as defined in paragraph 146(1)(h) or any applicable paragraph of the *Income Tax Act*, the Spouse or Common Law Partner shall have the right to elect one of the following options:
      a. subject to the provisions of the Applicable Legislation, to transfer the value of the death benefit to a corporation authorized to receive contributions under a LIRA, LIF or LRIF of which the Spouse or Common Law Partner is the Policyholder, or
      b. to purchase, from a corporation licensed or otherwise authorized to carry on an annuities business in Canada, a life annuity in any form as permitted by paragraph 146(1) of the *Income Tax Act*.
   b) To the designated beneficiary or the estate of the Policyholder, if there is no surviving Spouse or Common Law Partner.

4. Sun Life will only transfer assets, subject to Section 18.1 of the Regulations, to:
   a) another LIRA,
   b) a Life Annuity Contract purchased in accordance with section 146(1) of *the Income Tax Act* ,
   c) another registered pension plan,
   d) a registered LIF,
   e) a registered LRIF, or
   f) to comply with subsection 31(2) of the Act.

5. Sun Life will only transfer assets to a financial carrier that is on the approved list maintained by the Superintendent for the LIRA, LIF and LRIF.

6. If money under this Policy is paid out contrary to the Act or Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

7. Where a physician certifies that due to mental or physical disability, the life expectancy of the Policyholder is likely to be shortened considerably, the Policyholder may request Sun Life to withdraw money from the Policy in a lump sum or in a series of payments for the purpose subsection 21(6) of the Act. To permit commutation due to shortened life expectancy, if there is a Spouse or Common Law Partner, the Policyholder and Spouse or Common Law Partner must file with Sun Life a prescribed joint and survivor benefit waiver before the withdrawal.

8. Sun Life, on receipt of an application from a Policyholder, will refund an amount in order to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada).

9. Upon marital break-up, the pension benefit of a Policyholder shall be divided between the spouses or Common Law partners in accordance with subsection 31(2) of the Act.

10. Subject to section 31(2) of the Act and section 14.1 to 14.3 of *The Garnishment Act*, C.C.S.M. c. G20 the pension benefit shall not be assigned, charged, alienated or anticipated or given as security and is exempt from execution, seizure or attachment and that any transaction which contravenes this will be void.

11. The pension benefit will be invested in a manner which complies with the rules for the investment of registered retirement savings plans as provided for in the *Income Tax Act* (Canada), and will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is:
    a) the owner of the LIRA
    b) the Spouse or Common Law Partner, parent, brother, sister or child of the owner of the LIRA, or
    c) the spouse of the parent, brother, sister or child of the owner of the LIRA.

12. Sun Life will, prior to transferring the pension benefit, advise the transferee in writing that the pension benefit must be administered as a deferred life annuity under the Act and make the latter's acceptance of the transfer subject to the conditions provided for under Section 18.1, 18.2 and 18.3 of the Regulations.

13. Monies which are not required to be administered as a deferred life annuity will be held in a separate account for the Policyholder.

14. All assets including investment earnings, shall be administered as a deferred life annuity under the Act.

MANITOBA

LIFE INCOME FUND (LIF) PROVISION

This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provision.

In this provision, all capitalized terms have the meaning assigned to those terms under the Manitoba Pension Benefits Act ("the Act"), C.C.S.M. c.P32, and the Regulations 188/87R, as amended from time to time.

In this provision, the words "spouse", "approved", "contract", "financial institution", "life annuity contract" and "transfer" shall have the same meanings as are respectively given to these words in section 1, 18.1, 18.2 and 18.3 of the Regulation and the words "pension benefit credit" shall have the same meaning as given to these words in section 1(1) of the Act.

In this provision, the word "policyholder" will be used to refer to the policyholder / annuitant of the LIF.

For the purposes of any provisions of the Income Tax Act, the Income Tax definitions of spouse and common-law partner will apply.

The Act requires that this Policy contains the following provisions in respect of such premiums which represent LIF amounts.

1. The money under this Policy will be invested in a manner which complies with the rules for the investment of RRIF as provided for in the Income Tax Act (Canada), and will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is:
   a) the Policyholder,
   b) the Spouse, parent, brother, sister or child of the Policyholder, or
   c) the Spouse of the parent, brother, sister or child of the Policyholder.

2. Subject to section 31(2) of the Act and section 14.1 to 14.3 of The Garnishment Act, C.C.S.M. c. G20, the pension benefit shall not be assigned, charged, anticipated or given as security and is exempt from execution, seizure or attachment and that any transaction which contravenes this will be void.

3. The amount of income paid to the Policyholder during each Fiscal Year of the Policy will not exceed the maximum amount which is calculated as: C/F where
   C= the Total Policy Value in the Policy on the first day of the Fiscal Year, and
   F= the value on January 1 of the Fiscal Year, of a guaranteed pension of which the Annual payment is $1 payable at the beginning of each Fiscal Year between that date And December 31 of the year during which the Policyholder attains the age of 90 years.

4. The value of F in paragraph 3 will be calculated by using:
   a) an interest rate of not more than 6% per year,
   or
   b) for the first 15 years after the date of the valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the year of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series B - 14013, and using an interest rate not exceeding 6% in subsequent years.

5. Where contribution to the Policy is from a Locked-In retirement savings plan or LIRA, and the contribution is applied to the Policy on a day other than January 1, the maximum amount of income is adjusted in proportion to the number of months remaining in that calendar year from the date the contribution was made, with any incomplete month counting as one month.

6. Where the contribution to the Policy is from another LIF or LRIF, the maximum amount of income in the year of the transfer is zero.

7. In any Fiscal Year where an additional contribution is made to the Policy and that additional contribution has never been in a LIF or LRIF, an additional surrender will be allowed in that Fiscal Year. This additional surrender will not exceed the maximum that would be calculated if the additional contribution were being transferred into a separate LIF and not this Policy.

8. If money under this Policy is paid out contrary to the Act or Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

9. Sun Life will only transfer assets, subject to Section 18.2 of the Regulations, to:
   a) a LIRA,
   b) a life annuity contract in accordance with paragraph 60(l) of the Income Tax Act,
   c) a registered LIF, or
   d) a registered LRIF.

10. Sun Life will only transfer assets to a financial institution that is on the approved list of financial institutions for the LIRA, LIF and LRIF maintained by the Superintendent. Sun Life will, prior to transferring the assets, advise the financial institution in writing of the requirement to lock-in the money as per Section 18.1, 18.2 and 18.3 of the Regulation and receive its acceptance to deal with the money transferred in accordance with the locked-in provisions of the Act.

11. If money under this Policy is transferred to another financial institution in a manner which does not comply with sections 18.1, 18.2 or 18.3 of the Regulation, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

12. The Policyholder will be paid an income, beginning not later than during the second fiscal year of this LIF, the amount of which may vary annually. The Total Policy Value must be used to purchase an immediate life annuity contract no later than

December 31 of the year in which the Policyholder attains the age of 80 years. The Policyholder may at any time prior to this date use all or part of the Total Policy Value to purchase an immediate life annuity contract.

13. Where the Policyholder dies, the balance of the fund shall be paid
    a) where the surviving Spouse of the Policyholder has not received or is not entitled to receive a transfer under subsection 31(2) of the Act, to that surviving Spouse, and
    b) where there is no surviving Spouse, to the designated beneficiary or the estate of the Policyholder.

14. Where a Policyholder has a Spouse at the date the pension commences elects a life pension, the life pension will provide for a joint and last survivor life annuity contract with at least 66-2/3% payable on the life of the surviving Spouse after the Policyholder or the Spouse's death. The Policyholder may elect this form of pension with or without a guarantee period not exceeding 15 years. The pension payments shall not be determined based on the sex of the Policyholder. The pension payments to the Spouse in a year after the death of the Policyholder may not exceed the total pension payments in a year before that death.

15. A Policyholder who has a Spouse at the date pension commences will not be entitled to elect any optional form of pension unless the Policyholder and Spouse file with Sun Life, a written waiver of normal form of pension signed by both the Policyholder and Spouse. The written waiver form must be filed with Sun Life prior to the date pension commences. The Policyholder and Spouse may cancel the waiver at any time by sending a written notice, signed by the Policyholder and Spouse, to Sun Life prior to the date pension commences.

16. Sun Life will pay the life annuity income in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted:
    a) to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada or a rate provided for in the annuity contract, not exceeding 4% per annum; or
    b) by reason of partition of the benefits of the Policyholder with the Spouse as referred to in section 31(2) of the Act, or
    c) because of the election provided for in section 23 of the Act.

17. If the Policyholder does not provide Sun Life with the necessary documents to start a pension by December 31 of the year in which the Policyholder attains age 80 years, Sun Life will purchase an immediate life annuity, in accordance with the Income Tax Act, for the Policyholder.

18. Where a physician certifies that due to mental or physical disability, the life expectancy of the Policyholder is likely to be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments. To permit commutation due to shortened life expectancy, if there is a Spouse, the Policyholder and Spouse must file with Sun Life a joint and survivor benefit waiver before the withdrawal.

19. Upon marital break-up, the balance of the LIF of a Policyholder shall be divided between the spouses in accordance with subsection 31(2) of the Act.

20. Sun Life will supply the information specified in subsections 18.2(19) to (21) of the Regulation.

21. Sun Life may amend this Addendum, by advance or written notice to the Policyholder, only to the extent that it remains in conformity with the Addendum approved by the Superintendent under subsection 18.2(3) of the Regulation.

NEW BRUNSWICK

LIFE INCOME FUND (LIF) PROVISION

This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provisions.

In this provision, all capitalized terms have the meaning assigned to those terms under the New Brunswick *Pension Benefits Act* (1991) ("the Act") and the Regulations, as amended from time to time. The Act requires that this Policy contain the following provisions in respect of such contributions which represent LIF amounts.

For purposes of the Act, the definition of Spouse under the Act will apply. For tax purposes, and if applicable, the *Income Tax Act* (Canada) definitions of "spouse" and "common-law partner" will apply.

1. Sun Life will accept contributions to the New Brunswick LIF that are:
    a) amounts originating, directly or initially, from a registered pension plan,
    b) amounts originating from a Policyholder's LIRA, and
    c) amounts from a Policyholder's LIF.

2. No retirement income payable under the Policy to a Policyholder or his Spouse may be assigned or commuted either in whole or in part as referred to in sections 21(2)(g), (h), (i) and (j) of the Regulation.

3. The amount of income paid to the Policyholder during each Fiscal Year of the Policy will not exceed the maximum amount or less than the minimum amount which are calculated as:
   For maximum amount: C/F
   For minimum amount: C/H
   where
   C= the Total Policy Value in the Policy on the first day of the Fiscal Year, and
   F= the value on the first day of the Fiscal Year, of a guaranteed pension, the annual payment of which is $1 payable at the beginning of each Fiscal Year between that date and December 31 of the year during which the Policyholder attains the age of 90 years.
   H= the number of years between the first day of January of the year in which the calculation is made and December 31, inclusive, of the year in which the Policyholder attains the age of 90 years, inclusive.

4. The value of F in paragraph 3 will be calculated by using:
    a) an interest rate of not more than 6% per year, or
    b) for the first 15 years after the date of the valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the calendar year in which the calculation is made as published in the Bank of Canada Review as CANSIM Series B-14013, and using an interest rate not exceeding 6% per year in subsequent years.

5. Where contribution to the Policy is from a Locked-In retirement savings plan or LIRA, and the contribution is applied to the Policy on a day other than January 1, the maximum amount of income is adjusted in proportion to the number of months remaining in that calendar year from the date the contribution was made, with any incomplete month counting as one month. The minimum amount shall be equal to zero.

6. Where the contribution to the Policy is from another LIF, the maximum amount of income in the year of the transfer is zero.

7. In any Fiscal Year where an additional contribution is made to the Policy and that additional contribution has never been in a LIF, an additional surrender will be allowed in that Fiscal Year. This additional surrender will not exceed the maximum that would be calculated if the additional contribution were being transferred into a separate LIF and not this Policy.

8. The Policyholder may, prior to using the Total Policy Value to purchase an immediate life annuity contract, transfer all or part of the Total Policy Value to:
   a) a LIRA,
   b) a deferred life annuity contract in accordance with the *Income Tax Act* (Canada), or
   c) a registered LIF.

9. A Policyholder may request a transfer of an amount from a LIF to a RRIF that is not a LIF, by completing the appropriate forms approved by the Superintendant if:

   a) an amount has never previously been transferred under this subsection on behalf of the owner, and
   b) the amount to be transferred is not greater than the maximum unlocking amount.

10. Where a Policyholder has a Spouse at the date the pension commences elects a life pension, the pension will provide for a joint and last survivor life annuity contract with at 60% payable to the surviving Spouse after the Policyholder or Spouse's death. The Policyholder may elect this form of pension with or without a guarantee not exceeding 15 years. The pension payments in a year after the death of the Policyholder or Spouse may not exceed the total pension payments in a year before that death.

11. Where Sun Life determines the amount of pension payments to be provided, the annuity rates shall be independent of the Policyholder's sex.

12. A Policyholder who has a Spouse at the date pension commences will not be entitled to elect any optional form of pension unless the Spouse files, with Sun Life, the joint and survivor pension waiver form. The waiver must be filed with Sun Life no more than 90 days prior to the date pension commences. The Spouse may cancel the waiver at any time by filing with Sun Life the revocation of joint and survivor waiver form prior to the date pension commences. For a Policyholder whose Spouse has filed a waiver, the normal form of pension is guaranteed for the lifetime of the Policyholder, with or without a guaranteed period. The guaranteed period elected will not exceed 15 years.

13. Sun Life will pay the life annuity income in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted:
    a) to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada or a rate provided for in the annuity contract, not exceeding 4% per annum; or
    b) because the Policyholder has divided the benefit with the Spouse, or
    c) because the Policyholder has elected a spousal survivor benefit according to section 41 of the Act.

14. Where a physician certifies that due to mental or physical disability, the life expectancy of the Policyholder will be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments.

15. If the Policyholder dies before purchasing an immediate life annuity contract, the Total Policy Value shall be paid:
    a) to the Policyholder's Spouse,
    b) if Policyholder does not have a Spouse, to the designated beneficiary,
    c) if Policyholder has not designated a beneficiary, to the estate of the Policyholder.

    Sun Life will provide the Policyholder's Spouse, designated beneficiary, administrator or executor of the estate of the Policyholder, a statement containing information listed in the General Provisions under Part B of the Policy.

16. If the value of the Policy is to be divided under section 44 of the Act on the Policyholder's marriage breakdown, the commuted value will be determined according to subsections 21(2)(k) of the Regulations.

17. Sun Life shall have the right to amend any provision of the Policy resulting from changes under the Act or the *Income Tax Act* (Canada) without providing prior written notice. Sun Life reserves the right to amend any provisions of the Policy other than those resulting from changes under the Act or the *Income Tax Act* (Canada), upon providing 90 days' prior written notice to the Policyholder. No amendment shall be made that would result in the disqualification of the Policy as a registered LIF within the meaning of the *Income Tax Act* (Canada).

18. Sun Life will provide the Policyholder a statement containing information as outlined in Part B of the Policy.

19. Sun Life will provide the Policyholder a statement as outlined in Part B of the Policy, as of the date of the conversion or transfer, if the balance of the money in a life income fund is converted to a life or deferred life annuity or transferred to another retirement savings arrangement that conforms to the Act and it's Regulations.

20. If the Policyholder dies before the conversion of the balance of the money in the life income fund into a life annuity, Sun Life will provide the Policyholder's Spouse, Beneficiary, Administrator or Executor, as the case may be, with a statement as outlined in Part B of the Policy.

NEW BRUNSWICK

LOCKED-IN RETIREMENT ACCOUNT (LIRA) PROVISION

This provision takes precedence over any other provision of the Policy.

In this provision, all capitalized terms have the meaning assigned to those terms under the New Brunswick Pension Benefits Act (1991) ("the Act") and the Regulations, as amended from time to time.

The definition of spouse does not include any person who is not recognized as a spouse for the purposes of any provisions of the *Income Tax Act*.

The Act requires that this Policy contain the following provisions in respect of such premiums which represent Locked-In amounts.

1. Sun Life will accept contributions to the New Brunswick LIRA that are:
   a) amounts originating, directly or initially, from an RPP,
   b) amounts originating from a Policyholder's LIRA,
   c) amounts originating from a life or deferred life annuity, and
   d) amounts from a Policyholder's LIF.

2. The balance of the money in the LIRA account, either in whole or part, may be converted at any time into a life or deferred annuity that conforms to the Income Tax Act.

3. If the Policyholder dies before electing a life pension, the balance in the Policyholder's LIRA account shall be paid:

   a) to the Policyholder's spouse,
   b) if Policyholder does not have a spouse, to the designated beneficiary,
   c) if Policyholder has not designated a beneficiary, to the estate of the Policyholder.

4. Where a Policyholder who has a spouse at the date the life pension commences elects a life pension, the pension will provide for a guarantee for the lifetime of the Policyholder and the spouse reducing to not less than 60% on the death of the Policyholder or the spouse and continuing thereafter to the surviving spouse for life. The Policyholder may elect this form of life pension with or without a guarantee not exceeding 15 years. The retirement income payments in a year after the death of the Policyholder or spouse may not exceed the aggregate of the retirement income payments in a year before that death.

5. The retirement income shall be payable in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada or a rate provided for in the annuity contract, not exceeding 4% per annum; or adjusted because the Policyholder of the retirement annuity has divided the benefit with the spouse, or because the Policyholder has elected a spousal survivor benefit according to section 41 of the Act.

6. The Policyholder may withdraw the balance of the money in the LIRA account, in whole or in part, and receive a payment or series of payments if a physician certifies in writing to the financial institution, that the Policyholder suffers from a physical or mental disabilities that reduces life expectancy.

7. The Policyholder may at any time before Maturity Date transfer the balance in the LIRA account, in whole or in part, to a RPP, a LIRA or a life or deferred annuity that conforms to the Income Tax Act.

8. Sun Life shall have the right to amend any provision of the contract resulting from changes under the Act or the Income Tax Act without providing prior written notice. Sun Life reserves the right to amend any provisions of the contract other than those resulting from changes under the Act or the Income Tax Act (Canada), upon providing 90 days' prior written notice to the Policyholder. No amendment shall be made that would result in the disqualification of the contract as a registered retirement savings plan within the meaning of the Income Tax Act. The amended contract shall remain in conformity with the requirements of the Act.

9. If the value of the annuity is to be divided under section 44 of the Act on an Annuitant's marriage breakdown, the commuted value will be determined according to subsections 21(2)(f) and (n) of the Regulations.

10. Where Sun Life determines the amount of annuity income to be provided, the annuity rates shall be independent of the Annuitant's sex unless the commuted value of the deferred pension transferred from the pension plan into the Policy was determined, in a manner that differentiated, while the Policyholder was a member of the pension plan, on the basis of sex of the Policyholder.

11. If the commuted value of the deferred pension transferred from a pension plan into the Policy was determined in a manner that differentiated, while the Policyholder was a member of the plan, on the basis of sex, the LIRA contract will contain a statement as to whether or not the commuted value was determined in a manner that differentiated on the basis of sex. The LIRA contract shall also specifically provide that the only money that may subsequently be transferred into the account is money that is also differentiated on the same basis.

12. If there are funds that may be transferred as referred to in subsection 21(2)(m) of the Regulations, the funds shall be transferred no more than 30 days after the Policyholder's application for transfer.

13. Sun Life, on receipt of an application from a Policyholder, will refund an amount in order to reduce the amount of tax otherwise payable under Part X.1 of the Income Tax Act (Canada).

14. No retirement income payable under the Policy to a Policyholder or his spouse may be assigned or commuted either in whole or in part as referred to in sections 21(2)(g), (h), (i) and (j) of the Regulation.

NEWFOUNDLAND

LIFE INCOME FUND (LIF) PROVISION

This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provisions.

In this provision, all capitalized terms have the meaning assigned to those terms under the Newfoundland Pension Benefits Act ("the Act") and the Regulations, as amended from time to time. The words "fiscal year", "LIF", "life annuity contract", "list" and "owner" shall have the same meaning as are respectively given to these words in Directive No. 5.

The definition of Spouse does not include any person who is not recognized as a Spouse or common law partner for the purposes of any provisions of the Income Tax Act.

The Act requires that this Policy contain the following provisions in respect of such contributions which represent LIF amounts.

1. The money under this Policy will be invested in a manner which complies with the rules for investment of RRIF as provided for in the Income Tax Act (Canada), and will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is:
   a) the Policyholder,
   b) the Spouse, parent, brother, sister or child of the Policyholder, or
   c) the Spouse of the parent, brother, sister or child of the Policyholder.

2. Except as provided in the Regulations, money in this Policy cannot be assigned, charged, anticipated or given as security. Any transaction purporting to assign, charge, anticipate or give the money transferred as security is deemed void.

3. Except as provided by the Act, money in the Policy cannot be commuted or surrendered during the lifetime of the Policyholder. Any transaction purporting to commute or surrender is deemed void.

4. Payments out of the LIF cannot commence prior to age 55 or the earliest retirement date provided under the Registered Pension Plan from which the fund originated and not later than the second fiscal year.

5. The Policyholder must decide the amount of income to be paid each Fiscal Year. If the Policyholder does not decide the amount to be paid for the Fiscal Year, the minimum amount prescribed under the Income Tax Act shall be paid.

6. The amount of income paid to the Policyholder during each Fiscal Year of the Policy will not exceed the maximum amount which is calculated as: C/F where
   C= the Total Policy Value in the Policy on the first day of the Fiscal Year, and
   F= the value on January 1 of the Fiscal Year, of a guaranteed pension, the annual payment of which is $1 payable at the beginning of each Fiscal Year between that date and December 31 of the year during which the Policyholder attains the age of 90 years.

7. The value of F in paragraph 5 will be calculated by using:
   a) an interest rate of not more than 6% per year, or
   b) for the first 15 years after the date of the valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the year of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series B-14013, and using an interest rate not exceeding 6% in subsequent years.

8. For the initial fiscal year, the maximum amount in paragraphs 6 and 18 shall be adjusted in proportion to the number of months in that fiscal year divided by 12, with any part of an incomplete month counting as one month.

9. The Fiscal Year must end on the 31st day of December and must not exceed twelve months.

10. Where contribution to the Policy is from a Locked-In retirement savings plan or LIRA, and the contribution is applied to the Policy on a day other than January 1, the maximum amount of income is adjusted in proportion to the number of months remaining in that calendar year from the date the contribution was made, with any incomplete month counting as one month.

11. Where the contribution to the Policy is from another LIF or LRIF, the maximum amount of income in the year of the transfer is zero.

12. In any Fiscal Year where an additional contribution is made to the Policy and that additional contribution has never been in a LIF or LRIF, an additional surrender will be allowed in that Fiscal Year. This additional surrender will not exceed the maximum that would be calculated if the Additional contribution were being transferred into a separate LIF and not this Policy.

13. The Policyholder may apply, using the prescribed form, to receive a lump sum payment equal to the Total Policy Value:
    a) if the Policyholder has not reached the age of 55 and the total value in all of their LIRAs, LIFs and LRIFs governed by Newfoundland pension legislation is less that 10% of the Year's Maximum Pensionable Earnings (YMPE) under the *Canada Pension Plan* (CPP),
    b) if the Policyholder has reached the age of 55 or the earliest date on which the Policyholder would have been entitled to receive a pension benefit under the plan from which the funds originated and the value in all of their LIRAs, LIFs and LRIFs governed by Newfoundland pension legislation is less than 40% of the YMPE under the CPP,
    c) if a medical practitioner has certified that due to mental or physical disability the life expectancy of the Policyholder is likely to be shortened considerably, and
    d) if the Policyholder is a former member of the pension plan from which the funds originated and the spouse has waived all entitlements under the Policy in the form and manner prescribed in the Regulation.
14. If the money under this policy is paid out contrary to the Act or Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

15. The Policyholder may, prior to using the balance of the Policy to purchase an immediate life annuity contract, transfer all or part of the Total Policy Value to:
    a) a LIRA,
    b) a deferred annuity contract that conforms to the Income Tax Act,
    c) a LIF, or
    d) an LRIF

    within 30 days after the Policyholder requests it.

16. Sun Life will only transfer assets to a financial institution if the transfer is permitted under the Act. Sun Life will advise the financial institution of the requirement to lock-in the money as per the Act and receive its acceptance to administer the amount transferred as a pension benefit in accordance with the Act.

17. The Policyholder may request, using the prescribed form, to receive an additional temporary income from this Policy in the following circumstances:
    a) if the total pension income received by the Policyholder for the calendar year is less than 40% of the YMPE,
    b) if the Policyholder has not reached their 65th birthday at the beginning of the fiscal year of the application, and
    c) if the Policyholder is a former member of the pension plan from which the funds originated and the spouse has waived all entitlements under the Policy in the form and manner prescribed in the Regulation.

18. The amount of the additional temporary income paid to the Policyholder during each Fiscal Year must not exceed the maximum amount which is calculated as: A-B in which

    A= 40% of the YMPE for the calendar year in which the application is Made, and
    B= the total pension income to be received by the Policyholder for the calendar year in which the application is made from all LIFs, LRIFs, Life Annuities and pension plans governed by Newfoundland pension benefits legislation or established by or governed by an Act of Canada or a Province, except income from a pension under the CPP.

19. The Total Policy Value must be used to purchase an immediate life annuity contract no later than December 31 of the year in which the Policyholder attains the age of 80 years. The Policyholder may at any time prior to this date use all or part of the balance of the Policy to purchase an immediate life annuity contract.

20. If the Policyholder does not provide Sun Life with the necessary documents before March 31 in the year following the year in which the Policyholder attains the age of 80 years, Sun Life will purchase an immediate life annuity, in accordance with the Income Tax Act, for the Policyholder.

21. Where the Policyholder has a Spouse at the time annuity benefits commence, the annuity shall be in a form of a joint and survivor annuity with at least 60% continuing to be payable to the survivor for life after the death of the Policyholder or Policyholder's Spouse unless the Spouse waives the entitlement in a prescribed form.

22. Sun Life will pay the life annuity income in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted:
    a) to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada, or a rate provided for in the annuity contract, not exceeding 4% per annum, or
    b) because the Policyholder has elected a spousal survivor benefit according to paragraph 22.

23. Once a Policyholder has begun to receive annuity payments, the annuity cannot be commuted during the lifetime of the Policyholder or during the lifetime of the Policyholder's Spouse if the annuity is guaranteed for the lifetime of the Spouse. Where the Beneficiary is not the Spouse, any annuity payments remaining after the death of the Policyholder shall be commuted and paid in a lump sum as defined in paragraph 146(2)(c.2) of the Income Tax Act.

24. Monies which are not locked-in will be held in a separate account for the Policyholder.

25. If the Policyholder who was a former member of the pension plan from which the funds originated dies before purchasing an immediate life annuity contract, the balance in the Policyholder's LIF shall be paid:
    a) to the Policyholder's Spouse,
    b) to the designated beneficiary if the Policyholder does not have a Spouse or the surviving Spouse waives spousal entitlement in a prescribed form,
    c) to the estate of the Policyholder if the Policyholder has not designated a beneficiary.

26. If the Policyholder who is not a former member of the pension plan from which the funds originated dies before electing a life pension, the full value of the contract shall be paid:
    a) to the beneficiary, or
    b) if the Policyholder has not designated a beneficiary, to the estate of the Policyholder.

27. Subject to section 28 the contract shall not be amended except where Sun Life has given the Policyholder at least 90 days notice of the proposed amendment.

NEWFOUNDLAND

LOCKED-IN RETIREMENT ACCOUNT (LIRA) PROVISION

This provision takes precedence over any other provision of the Policy.

In this provision, all capitalized terms and the word "Spouse" and Cohabitating Partner have the meaning assigned to those terms under the Newfoundland *Pension Benefits Act* ("the Act") and the Regulations, as amended from time to time. The words "owner" and "LIRA" shall have the same meaning as are respectively given to these words in Directive No. 4.

For tax purposes, and if applicable, the *Income Tax Act* definitions of Spouse or Common-law partner will apply.

The Act requires that this Policy contain the following provisions in respect of such premiums which represent Locked-In amounts.

1. A retirement income cannot commence prior to age 55 or the earliest retirement date provided under the Registered Pension Plan from which the fund originated.

2. Prior to commencement of a retirement income, money can be:
    a) transferred to a registered pension plan,
    b) transferred to another LIRA,
    c) used to purchase an immediate or deferred annuity that conforms to the *Income Tax Act*,
    d) transferred to a LIF, or
    e) transferred to an LRIF.

3. The retirement income shall be payable in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada, or a rate provided for in the annuity contract, not exceeding 4% per annum.

4. Once a Policyholder has begun to receive annuity payments, the annuity cannot be commuted during the lifetime of the Policyholder or during the lifetime of the Policyholder's Spouse or Cohabitating Partner if the annuity is guaranteed for the lifetime of the Spouse or Cohabitating Partner. Where the Beneficiary is not the Spouse or Cohabitating Partner, any annuity payments remaining after the death of the Policyholder shall be commuted and paid in a lump sum as defined in paragraph 146(2)(c.2) of the *Income Tax Act*.

5. Where the death benefit represents a refund of premiums, the Spouse or Cohabitating Partner shall have the right to elect one of the following options:
   a) subject to the Act, to transfer the value of the death benefit to a RRSP or RRIF of which the Spouse or Cohabitating Partner is the annuitant, or
   b) purchase a life annuity or an annuity guaranteed for a fixed term as permitted under the *Income Tax Act*.

6. Except as provided in the Regulations, money in this Policy cannot be assigned, charged, anticipated or given as security. Any transaction purporting to assign, charge, anticipate or give the money transferred as security is deemed void.

7. Except as provided by the Act, money in the Policy cannot be commuted or surrendered during the lifetime of the Policyholder. Any transaction purporting to commute or surrender is deemed void.

8. The Policyholder may apply to receive a lump sum payment if:
   a) The Policyholder has not reached age 55 and the total value in all of their LIRAs, LIFs and LRIFs is less than 10% of the Year's Maximum Pensionable Earnings (YMPE). The Policyholder can apply for a withdrawal by completing the prescribed form as approved by the Superintendent.
   b) The Policyholder has reached age 55 or the earliest date on which the Policyholder would have been entitled to receive a pension benefit under the pension plan from which the funds originated and the value of all their LIRAs, LIFs and LRIFs is less than 40% of the YMPE. The Policyholder can apply for a withdrawal by completing the prescribed form as approved by the Superintendent.
   c) If the Policyholder is a former member of the pension plan from which the funds originated and there is a Spouse or Cohabitating Partner, the Spouse or Cohabitating Partner must complete the prescribed form as approved by the Superintendent to waive all entitlements under this Policy.

9. Where a physician certified that due to mental of physical disability, the life expectancy of the Policyholder is likely to be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments. To permit commutation due to shortened life expectancy, if there is a spouse or Cohabitating Partner, the Spouse or Cohabitating Partner must file with Sun Life before the withdrawal, the prescribed form as approved by the Superintendent.

10. Money will be invested in a manner that complies with the rules for the investment of RRSP money contained in the *Income Tax Act* and its regulations. The money will not be invested, directly or indirectly, in any mortgage under which the mortgagor is the owner of the RRSP or the parent, brother, sister or child of the owner of the RRSP or the Spouse or Cohabitating Partner of any of these persons.

11. If the money under this policy is paid out contrary to the Act or Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

12. Sun Life will not make a transfer except:
   a) where a transfer is permitted under the Act,
   b) the transferee agrees to administer the amount transferred as a pension benefit in accordance with the Act, and
   c) it advises the transferee in writing that the fund are Locked-In in accordance with the Act.

13. Where the Policyholder has a Spouse or Cohabitating Partner at the time annuity benefits commence, the annuity shall be in a form of a joint and survivor annuity with at least 60% continuing to be payable to the survivor for life after the death of the Policyholder unless the Spouse or Cohabitating Partner waives the entitlement in a prescribed form as approved by the Superintendent.

14. Monies which are not required to be administered as a deferred life annuity will be held in a separate account for the Policyholder.

15. Where Sun Life determines the amount of annuity income to be provided, the annuity rates shall be independent of the Annuitant's sex unless the commuted value of the deferred pension transferred from the pension plan into the Policy was determined, in a manner that differentiated, while the Policyholder was a member of the pension plan, on the basis of the sex of the Policyholder.

16. Where a Locked-In Retirement Account results from the transfer of the commuted value of a pension benefit, the LIRA contract shall contain a statement as to whether the commuted value was determined on a basis that differentiated on the basis of sex.

17. If the Policyholder who was a former member of the pension plan from which the funds originated dies before electing a life pension, the balance in the Policyholders LIRA account shall be paid:
   a) to the Policyholders Spouse or Cohabitating Partner,
   b) if the Policyholder does not have a Spouse or Cohabitating Partner or the surviving Spouse or Cohabitating Partner waives spousal entitlement in a prescribed form, to the designated beneficiary,
   c) if the Policyholder has not designated a beneficiary, to the estate of the Policyholder.

18. If the Policyholder who is not a former member of the pension plan from which the funds originated dies before electing a life pension, the full value of the contract shall be paid:
   a) to the beneficiary, or
   b) if the Policyholder has not designated a beneficiary, to the estate of the Policyholder.

19. Sun Life, on receipt of an application from a Policyholder, will refund an amount in order to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada).

20. This policy is subject to the division of benefits on marriage breakdown provisions in Part VI of the Act.

NOVA SCOTIA

LOCKED-IN RETIREMENT ACCOUNT (LIRA PROVISION)

This provision takes precedence over any other provision of the Policy.

In this provision, all capitalized terms have the meaning assigned to those terms under the Nova Scotia *Pension Benefits Act* and the Regulations enacted thereunder ("the Act") as amended from time to time.

Where any premiums under this Policy are amounts initially transferred from a Pension Plan registered under the Act, locked-in and non locked-in amounts shall not be commingled.

For the purposes of any provisions of the *Income Tax Act* (Canada), the Income Tax definitions of "Spouse" and "common-law partner" will apply.

The Act requires that this Policy contain the following provisions in respect of such premiums which represent locked-in amounts.

1. All funds transferred, including all investment savings, shall not be withdrawn except:

    a. Prior to maturity, to transfer the funds to a registered pension plan,
    b. Prior to maturity, to transfer the funds to another registered retirement savings plan that has been approved by the Superintendent under the Act,
    c. Prior to maturity, to transfer the money to a life income fund,
    d. To purchase a life annuity in accordance with paragraph 146(1) of the *Income Tax Act* (Canada), provided by an insurance company under an insurance contract that meets the following requirements:

        i. all funds transferred, plus interest, shall not be assigned, charged, anticipated or given as security except as permitted by the Act and that any transaction purporting to assign, charge, anticipate or give the contributions transferred as security is void;
        ii. no benefit provided under the annuity shall be surrendered or commuted during the lifetime of the Policyholder or the Policyholder's Spouse or common-law partner and any transaction purporting to surrender of commute such benefit is void, except in the case of the unexpired period of a guaranteed annuity where the annuitant is deceased;
        iii. where the annuitant has a Spouse or common-law partner at the time payments commence, the annuity shall be in the form of a joint and survivor annuity as required under the Act unless the annuitant and his or her Spouse or common-law partner provide a waiver as set out under the Act;
        iv. the amount of the life annuity attributable to funds accrued after January 1, 1988, shall be determined on a basis which does not take into account the sex of the annuitant, except in the case of a contract which is based entirely upon an amount or amounts transferred from a pension plan administered in accordance with the Act;
        v. the annuity does not commence on a date earlier than 10 years prior to the earliest normal retirement date provided under any of the pension plans from which the funds have been transferred;
        vi. on the death of the annuitant prior to payment of the annuity, the insurance company shall administer the annuity in accordance with the Act and Section 146 and paragraph 60(l) of the *Income Tax Act* (Canada).

2. All funds transferred, plus interest, shall not be assigned, charged, anticipated or given as security except as permitted by a marriage breakdown order or separation agreement and that any transaction purporting to assign, charge, anticipate or give the funds transferred as security is void.

3. All funds transferred, plus interest, shall not be commuted or surrendered during the lifetime of the Policyholder and that any transaction purporting to surrender or commute the funds transferred is void, except in the case of disability.

4. Sun Life will not make a transfer except where:

    a. it ensures that the transferee is approved by the Superintendent;
    b. it advises the transferee in writing that the funds are locked-in in accordance with the Act;
    c. and the transferee agrees to accept the funds subject to the conditions set out in this provision and to advise any subsequent transferee that the funds transferred must be administered as a pension or deferred pension under the Act.

5. On the death of the Policyholder of the registered retirement savings arrangement, the Spouse or common-law partner or if there is not Spouse or common-law partner, the beneficiary or the estate shall be entitled to the full value of the registered retirement savings arrangement.

6. Notwithstanding anything to the contrary contained in this Policy, including any amendment forming a part thereof, Spouse or common-law partner does not include any person who is not recognized as a Spouse or common-law partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting Registered Retirement Savings Plans (RRSP).

7. Where the commuted value of a pension benefit which was transferred to a retirement savings arrangement was determined in a manner that did not differentiate on the basis of sex, the immediate or deferred life annuity purchased with the funds in the arrangement shall not differentiate on the basis of the sex of the recipient.

8. Where a retirement savings arrangement results from the transfer of the commuted value of a pension benefit, the arrangement shall contain a statement as to whether the commuted value was determined on a basis that differentiated on the basis of sex.

9. Sun Life, on receipt of an application from a Policyholder, will refund an amount in order to reduce the amount of tax otherwise payable under part X.1 of the *Income Tax Act* (Canada).

NOVA SCOTIA

LIFE INCOME FUND (LIF) PROVISION

This document is the specimen document to be used in connection with the Clarica Portfolio which will receive transfers of LIF monies in accordance with the Nova Scotia Pension Benefits Act and Regulations. This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provisions.

Interpretation

1. The provisions herein together with the provisions in the attached Schedule IV of the regulations collectively form this "Addendum."

2. For the purposes of this Addendum, the word "owner" means the annuitant (as defined under subsection 146.3(1) of the *Income Tax Act* (Canada)) of the RRIF.

3. Notwithstanding anything to the contrary contained in this Addendum, including any endorsements forming a part thereof, "spouse" or "common-law partner" do not include any person who is not recognized as a spouse or common-law partner for the purposes of any provision of the *Income Tax Act* (Canada) respecting RRIFs under the *Income Tax Act* (Canada).

Investment

4. All money in the LIF will be invested in a manner that complies with the rules for the investment of RRIF money contained in the *Income Tax Act* (Canada) and the regulations thereunder.

Valuation of LIF

5. The value of the LIF for the purposes of (a) a transfer of assets, (b) the purchase of a life annuity contract, and (c) a payment or transfer on death of an owner, is equal to the total market value of the investments held in the LIF. In the event of the death of the owner, the market value of segregated fund units in the LIF will be established in accordance with the terms and conditions described in the Individual Variable Annuity Policy delivered to the owner at the time of investment, as amended from time to time.

Transferring Money to a LIF

6. (1) Pension benefits may be transferred to a LIF by

   a) a former member of a pension plan, including a former member who has previously transferred an amount under clause 50(1)(b) of the *Pension Benefits Act* (Nova Scotia) as amended from time to time (the "Act"), who has obtained the written consent of his or her spouse or common-law partner, if any;
   b) the spouse or common-law partner of a member or former member of a pension plan if the spouse or common-law partner is entitled to a pension benefit as a result of the death of the member or former member or as a result of a division of pension benefits pursuant to Section 61 of the Act; or
   c) a person who has previously transferred an amount under Section 61 of the Act into a LIRA.

   (2) The only money that is permitted to be transferred to a LIF is an amount transferred under clause 50(1)(b) of the Act, all or part of the money transferred from a LIRA or money transferred from another LIF.

   (3) The administrator of a pension plan must not effect a transfer to a LIF issued by a financial institution unless the administrator has ascertained that the financial institution's name and LIF are currently on the list maintained by the Superintendent in accordance with Subsection 23(13) of the regulations.

   (4) The administrator of a pension plan must advise Sun Life Assurance Company of Canada "Sun Life" as to whether the commuted value of a pension benefit transferred to the financial institution was determined in a manner that differentiated on the basis of sex.

   (5) The administrator of a pension plan must advise Sun Life of the earliest date on which a former member would have been entitled to receive payment of a pension under the pension plan from which the funds have been transferred.

Withdrawing Money in a LIF

7. (1) The owner may, upon application in accordance with Section 27 of the regulation, withdraw all the money in the LIF if, when the owner signs the application,

   a) the owner is at least 65 years of age; and
   b) the value of all assets in all LIRAs, LIFs, and pension plans providing defined contributions benefits owned by the owner is less than 40% of the years maximum pensionable earnings for the calendar year in which the application is made.

   (2) An application to withdraw the money from a LIF under Section 27 of the regulations must be:

   a) in Form 10: Application to Sun Life to Withdraw Money From a LIRA or LIF at age 65;
   b) signed by the owner; and
   c) given to CI Mutual Funds Inc. "CI" who administers the LIF.

   (3) Sun Life is entitled to rely upon the information provided by the owner in an application made under Section 27 of the regulation;

   (4) an application that meets the requirements of Section 27 of the regulations constitutes authorization to Sun Life to pay the money to the owner from the LIF in accordance with Section 27 of the regulation;

   (5) the value of all assets in all LIRAs, LIFs, and pension plans providing defined contribution benefits owned by the owner when he or she signs the application under Section 27 of the regulations will be determined in accordance with the most recent statement about each LIRA or LIF given to the owner, and each statement must be dated within one year before the owner signs the application;

   (6) Sun Life must make the payments to which the owner is entitled under Section 27 of the regulations within 30 days after the financial institution receives the completed application form and the statement referred to in subsection (5) above.

8. (1) The owner of a LIF may, upon application in accordance with Section 28 of the regulation, withdraw all or part of the money in the LIF if, when the owner signs the application, he or she has a mental or physical disability that is likely to shorten considerably his or her life expectancy.

   (2) An application to withdraw money from a LIF under Section 28 of the regulations must be:

   a) in Form 11: Application to a Financial Institution to Withdraw Money from a LIRA or LIF Because of Considerably Shortened Life Expectancy;
   b) signed by the owner of the LIF and accompanied by a statement signed by a physician who is licensed to practise medicine in a jurisdiction in Canada that, in the opinion of the physician, the owner has a mental or physical disability that is likely to shorten considerably his or her life expectancy; and
   c) given to the financial institution that administers the LIF.

   (3) Sun Life is entitled to rely upon the information provided by the owner in an application made under Section 28 of the regulation;

(4) an application that meets the requirements of Section 28 of the regulations constitutes authorization to the financial institution to pay money to the owner from the LIF in accordance with Section 28 of the regulation; and

(5) Sun Life must make the payments to which the owner is entitled under Section 28 of the regulations within 30 days after the financial institution receives the completed application form and accompanying document.

9. A document that is required to be given to Sun Life under Section 27 or 28 of the regulations and that must be signed by the owner is void if it is signed more than 60 days before the financial institution receives it.

10. If Sun Life receives a document required under Section 27 or 28 of the regulations it will give the owner a receipt for the document stating the date on which it was received.

Amending a LIF contract

11. Sun Life will not amend its LIF contract except in accordance with the following provisions:

a) Sun Life will give the owner at least 90 days notice of a proposed amendment, other than an amendment described in paragraph (b) below;

b) Sun Life will not amend the LIF if the amendment would result in a reduction in the owner's rights under the contract, unless

(i) the financial institution is required by law to make the amendment, and

(ii) the owner is entitled to transfer the assets in the fund under the terms of the contract that exist before the amendment is made;

c) when making an amendment described in paragraph (b) above, Sun Life will notify the owner of the nature of the amendment and allow the owner at least 90 days after the notice is given to transfer all or part of the assets in the fund.

Conflicting Provisions

12. The provisions of this Addendum will take precedence over the terms and conditions in the event of conflicting or inconsistent provisions.

Schedule IV

Nova Scotia LIF Addendum

Interpretation

1. (1) In this Schedule,

(a) "common-law partner" of an individual means another individual who has cohabited with the individual in a conjugal relationship for a period of at least 2 years, neither of them being a spouse;

(b) "regulations" means the *Pension Benefits Regulations*, of which this Schedule forms a part.

(c) "spouse" means either of a man and woman who

(i) are married to each other,

(ii) are married to each other by a marriage that is voidable and has not been annulled by a declaration of nullity, or

(iii) have gone through a form of marriage with each other, in good faith, that is void and are cohabiting or, if they have ceased to cohabit, have cohabited within the 12-month period immediately preceding the date of entitlement; and

(d) "temporary income" means periodic income paid under a pension plan, an annuity or a LIF to a person for a temporary period of time after retirement for the purposes of supplementing retirement income until the person is eligible to receive benefits under the *Old Age Security Act* (Canada) or is either eligible for or commences to receive retirement benefits under the Canada Pension Plan (Canada) or Quebec Pension Plan (Quebec).

(2) A fiscal year referred to in this Schedule is the fiscal year of a LIF, which must end on December 31 and must never exceed 12 months.

(3) A reference rate referred to in this Schedule for the fiscal year of a LIF

a) is based on the month-end nominal rate of interest earned on long-term bonds issued by the Government of Canada for the month of November preceding the beginning of the fiscal year, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series B-14013, with the following adjustments applied successively to that nominal rate:

(i) an increase of 0.5%,

(ii) the conversion of the increased rate, based on interest compounded semi-annually, to an effective annual rate of interest,

(iii) the rounding of the effective interest rate to the nearest multiple of 0.5%; and

(b) must not be less than 6%.

Prohibitions

2. Money held in a LIF must not be commuted, withdrawn or surrendered in whole or in part, except as permitted by Sections 27 and 28 of the regulations (small amounts at age 65 and considerably shortened life expectancy).

3. Money held in a LIF must not be assigned, charged, or given as security except as permitted by subsection 70(3) or Section 71A of the Act, and any transaction purporting to assign, charge, anticipate or give such money in the LIF as security is void.

4. Money held in a LIF is exempt from execution, seizure or attachment except as permitted by Section 71A of the Act.

Income commencement

5. (1) The owner must be paid an income from the LIF, the amount of which may vary annually.

(2) Payment of the income from the LIF to the owner must begin no earlier than the earliest date the owner was entitled to receive a pension under any of the pension plans from which the money was transferred into the LIF, directly or indirectly.

(3) Payments must begin no later than the end of the second fiscal year of the LIF.

(4) The minimum amount of income paid during a fiscal year must not be not less than the minimum amount prescribed for a RRIF under the *Income Tax Act* (Canada).

(5) The owner must establish the amount of income to be paid during each fiscal year at the beginning of that fiscal year and after the receipt of the information specified in subsection 11(1).

(6) If the financial institution guarantees the rate of return of the LIF over a period that is greater than one year, that period must end at the end of a fiscal year and the owner may establish the amount of income to be paid during that period at the beginning of that period.

Minimum LIF withdrawal

6. The amount of the income paid during the fiscal year of a LIF must not be less than the minimum amount prescribed by the *Income Tax Act* (Canada), determined on the basis of the owner's age or the age of the owner's spouse or common-law partner where that person is younger than the owner.

Maximum LIF withdrawal - no provision for temporary income

7. The maximum income (M) to be paid from a LIF from which no temporary income is paid, is determined by the following formula:

M = F x C
where

"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year; and

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money transferred from another LIF to the LIF in the same year.

Maximum LIF withdrawal - with temporary income

8. (1) A LIF may provide that the owner be entitled to a temporary income if the owner meets the following requirements:

(a) the owner makes an application in Form 9 (Application to a Financial Institution for Payment of Temporary Income from a LIF) to the financial institution that administers the LIF for payment of a temporary income under the LIF; and

(b) the owner is at least age 54 but under age 65 at the end of the year preceding the date of application.

(2) The temporary income must not be paid after the end of the year in which the owner reaches age 65.

(3) No temporary income is payable if any portion of a LIF payment is transferred to a non- locked-in retirement savings arrangement.

(4) The maximum temporary income (A) for the fiscal year is the lesser of

(a) (40% of the years maximum pensionable earnings) - T; and

(b) F x C x D,

where

"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year;

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money originating during the same year from another LIF;

"T" is the total of temporary income from a pension plan for that fiscal year and temporary income from other LIFs of the owner; and

"D" is the factor in Schedule VI for the owner's age at the end of the year preceding the current fiscal year.

(5) Despite subsection (4), if F x C x D is equivalent to less than 40% of the year's maximum pensionable earnings, and the owner is not entitled to any temporary income from another LIF or from a pension plan, "A"is the lesser of

(a) 40% of the year's maximum pensionable earnings, and

(b) the LIF less LIF transfers.

(6) The maximum life income (E) to be paid from a LIF from which a temporary income is paid is determined by the following formula, provided that "E" must not be less than zero:

E = (F x C) - (A ÷ D)

where

"F" is the factor in Schedule V for the reference rate for the fiscal year and the owner's age at the end of the preceding year;

"C" is the balance of the LIF at the beginning of the fiscal year, increased by any money transferred to the LIF after that date and reduced by any money originating during the same year from another LIF.

Maximum income payable when the financial institution guarantees the rate of return of the LIF

9. (1) If the financial institution has guaranteed the rate of return of the LIF over a period greater than one year, and the owner establishes the amount of income to be paid during that period, the maximum income that may be paid during each of the fiscal years of that period is determined at the beginning of each of those fiscal years.

(2) For the first fiscal year, the maximum income is determined in accordance with Section 7.

(3) For each subsequent year, the maximum income is equal to the lesser of

(a) the balance of the LIF at the time of payment in that year; and

(b) the result of the formula (M x J) ÷ K where

"M" represents the maximum income determined for the initial fiscal year,

"J" represents the balance of the LIF at the beginning of the fiscal year, and

"K" represents the reference balance determined at January 1 of the year, calculated as

(i) the reference balance at the beginning of the previous year, reduced by M, plus

(ii) the amount determined under subclause (i) multiplied by the reference rate for the year, if it is one of the first 16 fiscal years of the fund, or by 6% in any other case, and in applying this formula to the second year of the period, the reference balance referred to in subclause (i) is the LIF balance at the beginning of the first year of the period.

Excess income paid

10. If the income paid to the owner during the fiscal year of the fund exceeds the maximum that may be paid, the balance of the fund must not be reduced by the excess, unless the payment is attributable to incorrect information provided by the owner.

Information to be provided by the financial institution

11. (1) At the beginning of each fiscal year, the financial institution must provide to the owner a statement indicating

(a) the balance in the LIF at the beginning of the fiscal year;

(b) information on the sums deposited, any accumulated investment earnings including any unrealized capital gains or losses, the payments made during the fiscal year and the fees charged against the LIF during the previous fiscal year;

(c) the minimum amount that must be paid out as income to the owner during the current fiscal year;

(d) the maximum amount that may be paid out as income to the owner during the current fiscal year;

(e) if the beginning of the fiscal year is later than the beginning of the calendar year, the sums deposited that were held in another LIF during the year;

(f) if the LIF provides for payment of a temporary income and the owner was at least 54 but less than 65 at the end of the preceding year,

(i) the terms and conditions the owner must meet to be entitled to payment of the temporary income under Section 8, and

(ii) that payment of temporary income will reduce the income that would otherwise be paid to the owner after age 65;

(g) that the maximum amount of income that may be paid to the owner will not be increased if a transfer is made to the LIF of assets held in another LIF during that year; and

(h) that if the owner wishes to transfer, in whole or in part, the balance of the LIF and still receive from the LIF the income determined for the fiscal year, an amount must be retained in the LIF at least equal to the difference between the income determined for the fiscal year and the income already received from the LIF since the beginning of the fiscal year.

(2) If the owner dies before the balance in the LIF is used to purchase a life annuity contract or is transferred under Section 12, the financial institution must provide to the owner's spouse or common-law partner or beneficiary or estate the information in clauses 11(1)(a) and (b) as of the owner's date of death.

(3) If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution must provide the owner the information in clauses (1)(a) and (b) as of the date of the transfer or annuity purchase.

(4) If the balance of the LIF is transferred to another financial institution or used to purchase a life annuity, the financial institution must comply with the requirements of an administrator under subsections 23(16), (17), and (18) of the regulations.

Information provided upon transfer of additional amounts to a LIF

(5) Within 30 days following a transfer to a LIF of locked-in funds that have not been held in a LIF at any time in the current year, the financial institution must provide the owner with a statement indicating

(a) the balance of the LIF at the beginning of the fiscal year, any money transferred into the LIF during the fiscal year and balance of the LIF used to determine the maximum amount that may be paid to the owner as income during the fiscal year;

(b) the maximum amount that may be paid to the owner as income during the fiscal year;

(c) the minimum amount that must be paid to the owner as income during the fiscal year; and

(d) if the LIF provides for payment of a temporary income and the owner is at least 54 years of age but less than 65 years of age at the end of the preceding year, that the owner is entitled to receive payment of a temporary income.

(6) If a transfer is made to a LIF of assets held in another LIF at any time in the current fiscal year, the maximum amount of income that may be paid to the owner must not be increased.

Transferring assets from a LIF

12. (1) The owner of a LIF may transfer all or part of the assets in a LIF

(a) to another LIF;

(b) to purchase an immediate life annuity contract that meets the conditions of Section 24 of the regulations, provided the annuity does not commence on a date earlier than the earliest date the owner was entitled to receive a pension under any of the pension plans from which the money in the LIF was transferred; or

(c) before December 31 in the year the owner reaches age 69, to a LIRA.

(2) If assets in the LIF consist of identifiable and transferable securities, the financial institution may transfer the securities with the consent of the owner.

(3) The date of transfer must not be more than 30 days after the date of application by the owner unless the term agreed to for the investments has not expired.

(4) The financial institution must advise the financial institution to which the assets are transferred that the assets were held in a LIF in the current year.

Death benefit

13. (1) On the death of the owner, the balance in the LIF must be paid to or for the benefit of the owner's spouse or common-law partner or, if there is no spouse or common-law partner, the owner's designated beneficiary or, if there is no valid designation of beneficiary, the owner's estate.

    (2) A spouse or common-law partner is not entitled to receive a death benefit if a division has been made under Section 61 of the Act (pension division) of the pension benefits transferred to the LIF, unless the spouse or common-law partner is the owner's designated beneficiary.

Withdrawals

14. An application for withdrawal of the assets held in a LIF must be made in accordance with Sections 27 and 28 of the regulations (small amounts at age 65 and considerably shortened life expectancy).

ONTARIO

LOCKED-IN PENSION PROVISION

This provision takes precedence over any other provision of the Policy.

In this provision, all capitalized terms have the meaning assigned to those terms under the Ontario Pension Benefits Act and the Regulations enacted thereunder ("the Act") as amended from time to time.

Where any premiums under this Policy are amounts initially transferred from a pension plan registered under the Act, Locked-In and non Locked-In amounts shall not be commingled. The Act requires that this Policy contain the following provisions in respect of such premiums which represent Locked-In amounts.

The definition of Spouse or Same-Sex Partner does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provisions of the Income Tax Act (Canada).

1. All funds transferred, including all investment earnings, shall not be withdrawn except,
    a. prior to maturity, to transfer the funds to a registered pension plan,
    b. prior to maturity, to transfer the funds to another LIRA,
    c. prior to maturity, to transfer the money to a LIF,
    d. prior to maturity, to transfer the money to a LRIF,
    e. to purchase life annuity in accordance with paragraph 146(1) of the Income Tax Act (Canada) that meets the requirements of the Act and Regulation.

2. A retirement income cannot commence prior to age 55 or the earliest retirement date provided under the registered pension plan from which the fund originated.

3. Where a Policyholder who has a Spouse or Same-Sex Partner at the date the pension commences elects a life pension, the life pension will provide for a joint and survivor life annuity contract with at least 60% payable to the surviving Spouse or Same-Sex Partner after the death of the Policyholder or the Policyholder's Spouse or Same-Sex Partner. The Policyholder may elect this form of life pension with or without a guarantee not exceeding 15 years. The retirement income in a year after the death of the Policyholder or his Spouse or Same-Sex Partner may not exceed the total retirement income payments in a year before that death.

4. A Policyholder who has a Spouse or Same-Sex Partner at the date pension commences shall not be entitled to elect any optional form of pension unless the Spouse or Same-Sex Partner files with Sun Life, the spousal waiver of joint and survivor pension prescribed in the Regulation. The waiver form must be filed with Sun Life within twelve months prior to the date pension commences.

5. Sun Life shall pay the retirement income in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted:
    a) to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada, or
    b) to a rate provided for in the annuity contract, not exceeding 4% per annum, or
    c) because the Policyholder of the retirement annuity has divided the benefit with the Spouse or Same-Sex Partner due to marriage breakdown as referred to in section 146(16) of the Income Tax Act, or
    d) because the Policyholder has elected a spousal survivor benefit

6. Once a Policyholder has begun to receive annuity payments, the annuity cannot be commuted during the lifetime of the Policyholder or during the lifetime of the Policyholder's Spouse or Same-Sex Partner if the annuity is guaranteed for the lifetime of the Spouse or Same-Sex Partner, except due to marriage breakdown. Where the beneficiary is not the Spouse or Same-Sex Partner, any annuity payments remaining after the death of the Policyholder shall be commuted and paid in a lump sum as defined in paragraph 146(2)(c.2) of the Income Tax Act.

7. Where the death benefit represents a refund of premiums, the Spouse or Same-Sex Partner shall have the right to elect one of the following options:
    a) subject to the Act, to transfer the value of the death benefit to a RRSP or RRIF of which the Spouse or Same-Sex Partner is the annuitant, or
    b) purchase a life annuity or an annuity guaranteed for a fixed term as permitted under the Income Tax Act.

8. All funds transferred, plus interest, shall not be assigned, charged, anticipated or given as security except as permitted by a marriage breakdown order or separation agreement and that any transaction purporting to assign, charge, anticipate or give the funds transferred as security is void.

9. All funds transferred, plus interest, shall not be commuted or surrendered during the lifetime of the Policyholder and that any transaction purporting to surrender or commute the funds transferred is void, except
   (a) where a physician has certified that due to an illness or physical disability, the life expectancy of the Policyholder is likely to be of 2 years or less, some or all of money in the policy may be paid out to the Policyholder in the manner prescribed in the Regulation;
   (b) where the Policyholder is at least 55 years old and the Total Policy Value is less than 40% of the Years' Maximum Pensionable Earnings (YMPE), the Policyholder will be allowed to withdraw all of the money in the Policy in the manner prescribed in the Regulation;
   (c) where amounts exceeding maximum transfer value from a defined benefit plan was transferred in the Policy, the Policyholder will be allowed to withdraw the excess amount plus any investment earnings on the excess amount in the manner prescribed in the Regulation; or
   (d) where the Policyholder is experiencing financial hardship, the Policyholder may be able to withdraw money from the Policy upon application to the Superintendent of Financial Services in the manner prescribed.

10. Sun Life will not make a transfer except where:
   (a) it ensures that the transfer is permitted under the Act and Regulations.
   (b) it advises the transferee in writing that the funds are Locked-In in accordance with the Act, and
   (c) the transferee agrees to accept the funds subject to the conditions set out in this provision and to advise any subsequent transferee that the funds transferred must be administered as a pension or deferred pension under the Act.

11. On the death of the Policyholder of the locked-in retirement account, the funds will be administered in accordance with the Act.

12. Sun Life, on receipt of an application from a Policyholder, will refund an amount in order to reduce the amount of tax otherwise payable under Part X.1 of the Income Tax Act.

ONTARIO

LIFE INCOME FUND (LIF) PROVISION

This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provisions.

In this provision, all capitalized terms have the meaning assigned to those terms under the Ontario Pension Benefits Act R.S.O. (1990) (“the Act”) and the Regulations, as amended from time to time.

The definition of Spouse or Same-Sex Partner does not include any person who is not recognized as a spouse or common-law partner for the purposes of any provisions of the Income Tax Act (Canada).

The Act requires that this Policy contain the following provisions in respect of such contributions which represent LIF amounts.

1. Payments out of the LIF must begin no earlier than the earlier of:
   a) the earliest date on which the Policyholder is entitled to receive pension benefits under the Act as a result of termination of employment or termination of membership in any pension plan from which money was transferred into the LIF, or
   b) the earliest date on which the Policyholder is entitled to receive pension benefits under any pension plan described in a) above as a result of termination of employment or termination of membership in a plan.

2. The amount of income paid to the Policyholder during each Fiscal Year of the Policy will not exceed the maximum amount which is calculated as: C/F where

   C= the Total Policy Value in the Policy on the first day of the Fiscal Year, and
   F= the value on January 1 of the Fiscal Year, of a guaranteed pension, the annual payment of which is $1 payable at the beginning of each Fiscal Year between that date and December 31 of the year during which the Policyholder attains the age of 90 years.

3. The value of F in paragraph 3 will be calculated by using:
   a) an interest rate of not more than 6% per year, or
   b) if the fiscal year begins before January 1, 2001, for the first 15 years after the date of the valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of December preceding the year of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIMSeries B-14013, and using an interest rate not exceeding 6% in subsequent years,
   c) if the fiscal year begins on or after January 1, 2001, for the first 15 years after the date of the valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the year of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIMSeries B-14013, and using an interest rate not exceeding 6% in subsequent years.

4. Where contribution to the Policy is from a Locked-In retirement savings plan or LIRA, and the contribution is applied to the Policy on a day other than January 1, the maximum amount of income is adjusted in proportion to the number of months remaining in that calendar year from the date the contribution was made, with any incomplete month counting as one month.

5. Where the contribution to the Policy is from another LIF or LRIF, the maximum amount of income in the year of the transfer is zero.

6. In any Fiscal Year where an additional contribution is made to the Policy and that additional contribution has never been in a LIF or LRIF, an additional surrender will be allowed in that Fiscal Year. This additional surrender will not exceed the maximum that would be calculated if the additional contribution were being transferred into a separate LIF and not this Policy.

7. Payments out of the LIF are subject to division in accordance with the terms of a domestic contract as defined in Part IV of the Family Law Act or the terms of an order made under Part I of the Act.

8. The Policyholder may prior to using the Total Policy Value to purchase an immediate life annuity contract, transfer all or part of the Total Policy Value to:
   a) another LIF,
   b) a deferred life annuity contract as required by the Regulation and in accordance with the Income Tax Act,
   c) a LIRA,
   d) an LRIF.

9. The Total Policy Value must be used to purchase an immediate life annuity contract no later than December 31 of the year in which the Policyholder attains the age of 80 years. The Policyholder may at any time prior to this date use all or part of the Total Policy Value to purchase an immediate life annuity contract.

10. If the Policyholder does not provide Sun Life with the necessary documents before March 31 in the year following the year in which the Policyholder attains 80, Sun Life will purchase an immediate life annuity contract, in accordance with the Income Tax Act, for the Policyholder.

11. Once a Policyholder has begun to receive pension payments, the annuity cannot be commuted during the lifetime of the Policyholder or during the lifetime of the Policyholder's Spouse or Same-Sex Partner if the annuity is guaranteed for the lifetime of the Spouse or Same-Sex Partner, except
    a) due to marriage breakdown;
    b) where the Beneficiary is not the Spouse or Same-Sex Partner, any pension payments remaining after the death of the Policyholder shall be commuted and paid in a lump sum as defined in paragraph 146(2)(c.2) of the Income Tax Act.

12. Where a Policyholder has a Spouse or Same-Sex Partner at the date the pension commences elects a life pension, the life pension will provide for a joint and survivor life annuity contract with at least 60% payable to the surviving Spouse or Same-Sex Partner after the death of the Policyholder or the Policyholder's Spouse or Same-Sex Partner. The Policyholder may elect this form of life pension with or without a guarantee period not exceeding 15 years. The pension payments in a year after the death of the Policyholder or his Spouse or Same-Sex Partner may not exceed the total pension payments in a year before that death.

13. A Policyholder who has a Spouse or Same-Sex Partner at the date pension commences shall not be entitled to elect any optional form of pension unless the Spouse or Same-Sex Partner files with Sun Life, the spousal waiver of joint and survivor pension prescribed in the Regulation. The waiver form must be filed with Sun Life within twelve months prior to the date pension commences.

14. The retirement income shall be payable in equal annual or more frequent periodic payments, unless:
    - each payment is uniformly adjusted to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada, or
    - a rate provided for in the annuity contract, not exceeding 4% per annum, or
    - adjusted because the Policyholder of the retirement annuity has divided the benefit with the Spouse or Same-Sex Partner due to marriage breakdown as referred to in section 146(16) of the Income Tax Act, or
    - because the Policyholder has elected a spousal survivor benefit.

15. All funds transferred, plus interest, shall not be assigned, charged, anticipated or given as security except as permitted by a marriage breakdown order or separation agreement and that any transaction purporting to assign, charge, anticipate or give the funds transferred as security is void.

16. All funds transferred, plus interest, shall not be commuted or surrendered during the lifetime of the Policyholder. Any transaction purporting to surrender or commute the funds transferred is void, except:

    a) where a physician has certified that due to an illness or physical disability, the life expectancy of the Policyholder is likely to be of 2 years or less, the Policyholder can withdraw some or all of the money in the Policy in the manner prescribed in the Regulation;
    b) where the Policyholder is at least 55 years old and the Total Policy Value is less than 40% of the Year's Maximum Pensionable Earnings (YMPE), the Policyholder can withdraw all of the money in the Policy in the manner prescribed in the Regulation;
    c) where amounts exceeding the maximum transfer value from a defined benefit plan was transferred in the Policy, the Policyholder can withdraw the excess amount plus any investment earnings on the excess amount in the manner prescribed in the Regulation; or
    d) where the Policyholder is experiencing financial hardship, the Policyholder can withdraw money from the Policy upon applying to the Superintendent of Financial Services in the manner prescribed in the Regulation.

17. Sun Life will not make a transfer except where:
    a) it ensures that the transfer is permitted under the Act and Regulations,
    b) it advises the transferee in writing that the funds are Locked-in according to the Act, and
    c) the transferee agrees to accept the funds subject to the conditions set out in this provision. Sun Life shall advise the transferee that the funds transferred must be administered as a pension or deferred pension under the Act.

18. If Sun Life pays out money under this Policy contrary to the Act or Regulation, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

ONTARIO
PENSION BENEFITS STANDARDS ACT

LOCKED-IN PENSION PROVISION

This provision takes precedence over any other provision of the Policy.

In this provision, all capitalized terms have the meaning assigned to those terms under the *Pension Benefits Standards Act*; 1985 and the Regulations enacted thereunder ("the Act") as amended from time to time.

Where any deposits under this Policy are amounts originally transferred from a Pension Plan registered under the Act, Locked-In and non Locked-In amounts shall not be commingled.

The Act required that this Policy contain the following provisions in respect of such deposits which represent Locked-In amounts.

1. All funds transferred, including all investment earnings, may only be,
   a) Prior to maturity, transferred to a registered pension plan that administers the benefit attributed to the transferred funds in compliance with the requirements set out in the Act.
   b) Prior to maturity, transferred to another Locked-In Registered Retirement Savings Plan that complies with the requirements as set out in the Act.
   c) Transferred to a Life Income Fund that complies with the requirements as set out in the Act.
   d) Used to purchase a life annuity in accordance with Section 146(1) of the *Income Tax Act* (Canada) provided by an insurance company under an insurance contract that meets the following requirements:
      i. No benefit provided under the annuity shall be surrendered or commuted during the lifetime of the Policyholder or the Policyholder's spouse and any transaction purporting to surrender or commute such benefit is void, except in the case of the unexpired period of a guaranteed annuity where the annuitant is deceased,
      ii. Where the annuitant has a spouse at the time annuity benefits commence, the annuity shall be in the form of a joint and survivor annuity as required under the Act unless the annuitant and his or her spouse provide a waiver as set out under the Act. After the death of the first spouse, the annuity benefit may not be less than 60% of payments prior to the first spouse's death,
      iii. The amount of the life annuity shall be determined on a basis which does not take into account the sex of the annuitant.

2. Provisions on Death of Policyholder:
   a) If the Policyholder dies prior to payment of the annuity benefits, the funds shall be paid to the surviving spouse of the Policyholder by:
      i. Transferring the funds to a Locked-In Registered Retirement Savings Plan,
      ii. Transferring the funds to a Life Income Fund,
      iii. Using the funds to purchase a life annuity provided by an insurance company that complies with the requirements as set out in the Act, and Section 146(1) and paragraph 60(I) of the *Income Tax Act* (Canada).

3. In addition to 2 a), if the Policyholder dies prior to the payment of a deferred life annuity, the surviving spouse is entitled to a return of the amount paid to purchase the annuity, plus
   a) Interest or
   b) Interest, gains and losses
   c) That would have been credited if the premium were a contribution subject to subsection 19(2) of the Act, or any other applicable paragraph.

4. All funds transferred, plus interest, shall not be assigned, charged, anticipated or given as security except as permitted by the Act in subsection 25(4) (marriage breakdown) or any other applicable paragraph and that any transaction purporting to assign, charge, anticipate or give the contributions transferred as security, is void.

5. Where a physician certifies that owing to mental or physical Disability, the life expectancy of the Policyholder is likely to be shortened considerably, the funds may be paid to the Policyholder in a lump sum.

6. Where a retirement savings arrangement results from the transfer of the commuted value of a pension benefit, the arrangement shall contain a statement as to whether the commuted value was determined on a basis that differentiated on the basis of sex.

7. Where a Policyholder provides written proof to Sun Life that the Policyholder has been a resident outside of Canada for at least 2 years, as defined by Applicable Legislation.

8. Sun Life, on receipt of an application from a Policyholder, will refund an amount in order to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada).

ONTARIO
PENSION BENEFITS STANDARDS ACT

LIFE INCOME FUND (LIF) PROVISION

This document is the specimen document to be used in connection with the Clarica Portfolio which will receive transfers of LIF monies in accordance with the Pension Benefits Standards Act, 1985 and Regulations. This provision takes precedence over any other provision of the Policy.

In this provision, all capitalized terms have the meaning assigned to those terms under the Pension Benefits Standards Act, 1985 and the Regulations enacted thereunder ("the Act") as amended from time to time.

Where any contributions under this Policy are amounts originally transferred from a Pension Plan registered under the Act, Locked-In and non Locked-In amounts shall not be commingled.

The Act requires that this Policy contain the following provisions in respect of such contributions which represent LIF amounts.

1. Except as provided in the Act, money in this Policy cannot be assigned, charged, anticipated or given as security. Any transaction purporting to assign, charge, anticipate or give as security is deemed void.

2. The amount of income paid to the Policyholder during each Fiscal Year of the Policy will not exceed the maximum amount which is calculated as: C/F where:

   C= the Total Policy Value in the Policy on the first day of the Fiscal Year, and

   F= the value on January 1 of the Fiscal Year, of a guaranteed pension, the annual payment of which is $1 payable at the beginning of each Fiscal Year between that date and December 31 of the year during which the Policyholder attains the age of 90 years.

3. The value of F in paragraph 2 will be calculated by using:
   a) an interest rate of not more than 6% per year, or
   b) for the first 15 years after the date of the valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the year of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series B-14013, and using an interest rate not exceeding 6 % in subsequent years.

4. Where contribution to the Policy is from a Locked-In retirement savings plan or LIRA, and the contribution is applied to the Policy on a day other than January 1, the maximum amount of income is adjusted in proportion to the number of months remaining in that calendar year from the date the contribution was made, with any incomplete month counting as one month.

5. Where the contribution to the Policy is from another LIF, the maximum amount of income in the year of the transfer is zero.

6. In any Fiscal Year where an additional contribution is made to the Policy and that additional contribution has never been in a LIF, an additional surrender will be allowed in that Fiscal Year. This additional surrender will not exceed the maximum that would be calculated if the additional contribution were being transferred into a separate LIF and not this Policy.

7. The Policyholder may, prior to using the Total Policy Value to purchase an immediate life annuity contract, transfer all or part of the Total Policy Value to:
   a) a LIF,
   b) a locked-in registered retirement savings plan, or
   c) used to purchase a deferred life annuity contract in accordance with the Income Tax Act.

8. The Total Policy Value must be used to purchase an immediate life annuity contract no later than December 31 of the year in which the Policyholder attains the age of 80 years. The Policyholder may at any time prior to this date use all or part of the Total Policy Value to purchase an immediate life annuity contract.

9. Where a Policyholder has a Spouse at the time pension commences, the annuity shall be in the form of a joint and survivor annuity as required under the Act with at least 60% payable to the surviving Spouse after the Policyholder or Spouse's death. The Policyholder and the Spouse may waive the right to this form of annuity by providing the prescribed form as set out under the Act to Sun Life.

10. Where Sun Life determines the amount of annuity income to be provided, the annuity rates shall be independent of the Annuitant's sex.

11. On the death of the Policyholder, the Total Policy Value will be paid to the surviving Spouse or if there is no Spouse, the beneficiary or the estate. The Total Policy Value shall be paid to the surviving Spouse by:
    a) transferring to another LIF,
    b) purchasing an immediate life annuity or a deferred life annuity contract, or
    c) transferring to a locked-in registered retirement savings plan.

12. Where a physician certifies that due to mental or physical disability, the life expectancy of the Policyholder is likely to be shortened considerably, the money may be paid to the Policyholder in a lump sum.

13. Where a LIF results from the transfer of the commuted value of a pension benefit, the arrangement shall contain a statement as to whether the commuted value was determined on a basis that differentiated on the basis of sex.

14. No benefit provided under the annuity shall be surrendered or commuted during the lifetime of the Policyholder or the Policyholder's Spouse. Any transaction purporting to surrender or commute is deemed void except in the case of the unexpired period of a guaranteed annuity where the annuitant is deceased.

QUEBEC

LIFE INCOME FUND (LIF) PROVISION

This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provisions.

In this provision, all capitalized terms have the meaning assigned to those terms under the Quebec *Supplemental Pension Plans Act* (1989("The Act") and the Regulations, as amended from time to time.

For purposes of the Act, the definition of "spouse" under the Act will apply. For the purposes of any provision of tax purposes, and if applicable, the *Income Tax Act (*Canada) definition of the terms "spouse" and "common-law partner" will apply as recognized in the *Income Tax Act* (Canada)..

The Act requires that this Policy contain the following provisions in respect of such contributions which represent LIF accounts.

1. Sun Life will accept contributions to this Policy that come directly or initially from:
   a) a retirement plan fund governed by the Act,
   b) a Locked-In Retirement Account,
   c) another LIF,
   d) a supplemental pension plan fund governed by legislation enacted by a legislative authority other than the Quebec Parliament and granting a right to a deferred annuity,
   e) a pension plan fund established by legislation enacted by the Quebec Parliament or another legislative authority, or
   f) a life annuity contract indicated in the Regulation.

2. The amount of income paid to the Policyholder during each Fiscal Year of the Policy will not exceed the maximum amount which is calculated as: F x C where:

   F= the factor provided for in schedule 0.6 of the Regulations with respect to the reference rate for the year covered by the fiscal year and the Policyholder's age at the end of the preceding year

C= the Total Policy Value on the first day of the Fiscal Year, increased by any sums transferred to the fund after that date and reduced by any sums originating directly or not during the same year from a LIF of the Policyholder.

3. The reference rate referred to in the value of F in paragraph 2 will be calculated by using for the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the date of the calculation, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIM Series B-14013, adjusted according to the Regulations. The reference rate cannot be less than 6%.

4. Where the contribution to the Policy is from another LIF, the maximum amount of income in the year of the transfer is zero.

5. In any Fiscal Year where an additional contribution is made to the Policy and that additional contribution has never been in a LIF, an additional surrender will be allowed in that Fiscal Year. This additional surrender will not exceed the maximum that would be calculated if the additional contribution were being transferred into a separate LIF and not this Policy.

6. The Policyholder may at any time use all or part of the Total Policy Value to purchase an immediate life annuity contract.

7. The Policyholder may, prior to using the Total Policy Value to purchase an immediate life annuity contract, transfer all or part of the Total Policy Value to subject to paragraph 146.3(2)(e) of the *Income Tax Act* (Canada):
   a) a LIF, or
   b) a deferred annuity contract in accordance with paragraph 60(l) of the *Income Tax Act* (Canada), or
   c) a LIRA.

8. If a Policyholder has a Spouse on the date the life pension begins, the normal form of pension is payable monthly during the lifetime of the Policyholder, reducing to no less than 60% on the Policyholder, reducing to no less than 60% on the death of the Policyholder and continuing to the surviving party.

9. A Policyholder who has a Spouse at the date pension commences shall not be entitled to elect any optional form of pension unless the Spouse files with Sun Life a written waiver of the normal form of pension. The written waiver must be filed with Sun Life prior to the date pension commences. The Spouse may cancel the waiver at any time by filing with Sun Life a written notice prior to the date pension commences.

10. The retirement income shall be payable in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted:
    a) to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada or a rate provided for in the annuity contract, not exceeding 4% per annum, or
    b) because the Policyholder of the retirement annuity has divided the benefit with the Spouse due to marriage breakdown, or
    c) because the Policyholder has elected a spousal survivor benefit according to sub paragraph 3 of section 93 of the Act, or
    d) by reason of payment of a temporary pension under the conditions provided for in section 91.1 of the Act.

11. The Total Policy Value may be converted only to a life pension issued by an issuer and guaranteed for the life of the Policyholder only or for the lifetime of both the Policyholder and the Policyholder's Spouse, unless one of the following circumstances arises:
    a) transfer to a new financial institution;
    b) death of the Policyholder.

12. The Policyholder's Spouse ceases to be entitled to the benefits of this Policy upon separation from bed and board, divorce, annulment of marriage or, in the case of an unmarried Spouse, upon cessation of conjugal relationship, except in the following cases:
    a) in the event of Policyholder's death, the Spouse or former Spouse is the Beneficiary.
    b) In the event of commencement of retirement income, the Policyholder instructs Sun Life to make payment of the life pension to the Spouse despite such dissolution, separation or cessation.

13. At least once every year, Sun Life will provide the Policyholder with a statement showing all transactions occurring in the Policyholder's Account during the statement period as well as the Policyholder's beginning and ending balances.

14. If the income paid to the Policyholder during a fiscal year of the fund exceeds the maximum amount that may be paid to the Policyholder in accordance with the provisions of the Policy, unless the payment is attributable to a false declaration by the Policyholder, the Policyholder may require that Sun Life pay him a sum equal to the surplus income paid.

15. The Total Policy Value may be paid in a lump sum to the Policyholder who is at least 65 years of age at the end of the year preceding the application provided the entire amount accumulated in all of the retirement savings plans referred to in schedule 0.2 of the Regulations does not exceed 40% of the Maximum Pensionable Earnings determined according to the Quebec Pension Plan for the year in which the Policyholder applies for the payment.

16. If the Policyholder is not survived by a Spouse or if the surviving Spouse waives spousal entitlement to the death benefit by filing a prescribed waiver with Sun Life, the money will be paid to the designated beneficiary, or if no beneficiary has been designated, to the Policyholder's estate.

17. A lump sum may be paid in execution of a judgment rendered in favour of the Spouse that gives entitlement to a seizure for unpaid alimony.

18. If a Member provides Sun Life with written evidence that the Canada Customs and Revenue Agency has confirmed that they have been a non-resident of Canada for at least 2 years the Member is entitled to a refund of the value of their benefits under the Plan upon request.

19. Where a physician certifies that due to mental or physical disability, the life expectancy of the Policyholder will be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments.

20. Sun Life shall have the right to amend any provision of the Policy resulting from changes under the Act or the *Income Tax Act* (Canada) without providing prior written notice. Sun Life reserves the right to amend any provisions of the Policy other than those resulting from changes under the Act or the *Income Tax Act* (Canada), upon providing 90 days' prior written notice to the Policyholder. No amendment shall be made that would result in the disqualification of the Policy as a registered LIF within the meaning of the *Income Tax Act* (Canada).

QUEBEC

LOCKED-IN RETIREMENT ACCOUNT (LIRA) PROVISION

This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provisions.

In this provision, all capitalized terms have the meaning assigned to those terms under the Quebec *Supplemental Pension Plans Act* (1989) ("The Act") and the Regulations, as amended from time to time.

For purposes of the Act, the definition of Spouse under the Act will apply. For the purposes of any provision of the *Income Tax Act* (Canada), the terms "spouse" and "common-law partner" will apply as recognized in the *Income Tax Act* (Canada).

The Act requires that this Policy contain the following provisions in respect of such premiums which represent Locked-in amounts.

1. Sun Life will accept contributions to this Policy that come directly or initially from:
   a) a retirement plan fund governed by the Act,
   b) another Locked-in Retirement Account,
   c) a LIF,
   d) a supplemental pension plan fund governed by legislation enacted by a legislative authority other than the Quebec Parliament and granting a right to a deferred annuity,
   e) a pension plan fund established by legislation enacted by the Quebec Parliament or another legislative authrority, or
   f) a life annuity contract indicated in the Regulation.

2. If a Policyholder has a spouse on the date the life pension begins, the normal form of pension is payable monthly during the lifetime of the Policyholder, reducing to no less than 60% on the death of either the Policyholder or the spouse and continuing to the surviving party.

3. A Policyholder who has a spouse at the date pension commences shall not be entitled to elect any optional form of pension unless the spouse files with Sun Life a written waiver of the normal form of pension. The written waiver must be filed with Sun Life prior to the date pension commences. The spouse may cancel the waiver at any time by filing with Sun Life a written notice prior to the date pension commences.

4. The retirement income shall be payable in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted:
   a) to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada; or
   b) to a rate provided for in the annuity contract, not exceeding 4% per annum;
   c) because the Policyholder of the retirement annuity has divided the benefit with the spouse due to marriage breakdown, or
   d) because the Policyholder has elected a spousal survivor benefit according to sub paragraph 3 of section 93 of the Act, or
   e) by reason of a seizure effected on the Policy, or
   f) due to the payment of a temporary pension under the conditions provided for in section 91.1 of the Act.

5. The balance of the Policyholder Account may be converted only to a life pension issued by an issuer and guaranteed for the life of the Policyholder only or for the lifetime of both the Policyholder and Policyholder's spouse, unless one of the following circumstances arises:
   a) shortened life expectancy;
   b) transfer to a new carrier;
   c) death of the Policyholder;
   d) lump sum payment according to paragraph 9.1 of the Regulations.

6. The Policyholder's spouse ceases to be entitled to the benefits of their Policy upon separation from bed and board, divorce, annulment of marriage or, in the case of an unmarried spouse, upon cessation of conjugal relationship, except in the following cases:
   a) in the event of Policyholder's death, the spouse or former spouse is the Beneficiary;
   b) in the event of commencement of retirement income, the Policyholder instructs Sun Life to make payment of the life pension to the spouse despite such dissolution, separation or cessation.

7. At least once every year, Sun Life will provide the Policyholder with a statement showing all transactions occurring in the Policyholder's Account during the statement period as well as the Policyholder's beginning and ending balances.

8. Sun Life, on receipt of an application from a Policyholder, will refund an amount in order to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada).

9. If the money under this Policy is paid out contrary to the contract or the Regulations, the balance of the account will be determined without taking into account the irregular payment, unless this payment is attributable to the Policyholder's misrepresentation.

10. The Total Policy Value may be paid in a lump sum to the Policyholder who is at least 65 years of age at the end of the year preceding the application provided the entire amount accumulated in all of the retirement savings plans referred to in schedule 0.2 of the Regulations does not exceed 40% of the Maximum Pensionable Earnings determined according to the Quebec Pension Plan for the year in which the Policyholder applies for the payment.

11. If a Policyholder has a Spouse on the day preceding death, the Spouse will receive a death benefit representing the vested portion of the Policyholder's Account. A Spouse may waive at any time their entitlement to the death benefit by filing a waiver with Sun Life, as prescribed by applicable legislation. The Spouse may revoke this waiver provided Sun Life is informed in writing before the Policyholder's death.

12. If the Member is not survived by a Spouse or if the surviving Spouse waives spousal entitlement to the death benefit by filing a prescribed waiver with Sun Life, the money will be paid to the designated beneficiary, or if no beneficiary has been designated, to the Policyholder's Estate.

13. If a policyholder provides Sun Life with written evidence that the Canada Customs and Revenue Agency has confirmed that they have been a non-resident of Canada for at least 2 years, the Policyholder is entitled to a refund of the value of their Policy upon request.

14. A lump sum may be paid in execution of a judgment rendered in favour of the Spouse that gives entitlement to a seizure for unpaid alimony.

15. Where a physician certifies that due to mental or physical disability, the life expectancy of the Policyholder will be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments.

16. Sun Life shall have the right to amend any provision of the Policy resulting from changes under the Act or the *Income Tax Act* (Canada) without providing prior written notice. Sun Life reserves the right to amend any provisions of the Policy other than those resulting from changes under the Act or the *Income Tax Act* (Canada), upon providing 90 days' prior written notice to the Policyholder.

17. The Policyholder may at any time use all or part of the Total Policy Value to purchase an immediate life annuity contract in accordance with subsection 146(1) of the *Income Tax Act* (Canada).

18. The Policyholder may, prior to using the Total Policy Value to purchase an immediate life annuity contract, transfer all or part of the Total Policy Value to:
    a) a LIF, or
    b) a deferred annuity contract in accordance with subsection 146(1) of the *Income Tax Act* (Canada), or
    c) another LIRA.

SASKATCHEWAN

LOCKED-IN RETIREMENT ACCOUNT (LIRA) PROVISION

This provision takes precedence over any other provision of the Policy.

In this provision, all capitalized terms have the meaning assigned to those terms under the Saskatchewan *Pension Benefits Act* (1992) ("the Act") and the Regulations, as amended from time to time.

In this provision, the words "contract", "life annuity contract", "locked-in retirement account contract", "registered retirement income fund contract", "small benefits", "plan", and "spouse" have the same meanings as are respectively given to these words in the Act and the Regulations. For the purposes of any provision of the Act, a prescaribed RRSP is a contract that complies with the provisions of the Act and section 29 of the Regulations.

For the purposes of any provisions of the *Income tax Act* (Canada), the terms "spouse", and common-law partner will apply as recognized in the Income Tax Act (Canada).

The Act requires that this Policy contain the following provisions in respect of such premiums which represent Locked-in amounts.

1. A retirement income cannot commence prior to age 55 or the earliest retirement date provided under the registered Pension Plan from which the funds originated.

2. Where a Policyholder who has a spouse at the date the pension commences elects a life pension, the life pension will provide for a joint and survivor life annuity contract with at least 60% payable to the surviving Spouse after the Policyholder's death. The policyholder may elect this form of life pension with or without a guarantee not exceeding 15 years. The pension payments to the Spouse in a year after the death of the Policyholder may not exceed the total pension payments in a year before that death.

3. A Policyholder who has a Spouse at the date pension commences shall not be entitled to elect any optional form of pension unless the Spouse files with Sun Life, a joint and survivor pension waiver prescribed in the Regulation. The waiver form must be filed with Sun Life prior to the date pension commences but not more than 90 days prior to pension commencement.

4. The retirement income shall be payable in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada or a rate provided for in the annuity contract, not exceeding 4% per annum; or adjusted because the Policyholder of the retirement annuity has divided the benefit with the Spouse as referred to in Part VI of the Act and section 146(2)(b_(ii) of the *Income Tax Act* (Canada), or because the Policyholder has elected a spousal survivor benefit according to section 34 of the Act.

5. Where the death benefit represents a refund of premiums, the Spouse shall have the right to elect one of the following options:
    a. subject to the Act, to transfer the value of the death benefit to a LIRA, or registered retirement income fund contract of which the Spouse is the annuitant, or
    b. to purchase a life annuity contract as permitted in accordance with paragraph 60(I) of the *Income Tax Act* (Canada).

6. No transfer of money from the Policy is permitted except:
    a. to another LIRA;
    b. to purchase a life annuity as stipulated in subsection 146(1) of the *Income Tax Act* (Canada);
    c. to a registered retirement income fund contract; or
    d. to another registered pension plan.

7. The Policy shall be subject, with any necessary modification, to the division on spousal relationship breakdown provisions in Part VI of the Act.

8. Sun Life, upon receiving a signed written statement from the Policyholder indicating the Policyholder has no other locked in money, will allow the Policyholder to withdraw a lump sum of small benefits.

9. Locked-in money in the Policy is subject to attachment for the purpose of enforcing a maintenance order as defined in *The Enforcement of Maintenance Orders Act*. Where an amount has been attached, Sun Life will deduct locked-in money the Policy according to the Regulations. The Policyholder will have no further claim or entitlement to any pension respecting the amount attached and Sun Life is not liable to any persons for having made the payment pursuant to the attachment.

10. At least once every year, Sun Life will provide the Policyholder with a statement showing all transactions occurring in the Policyholder's Account during the statement period as well as the Policyholder's beginning and ending balances.

11. The fiscal year of the Policy must end of December 31 each year and may not exceed 12 months.

12. Sun Life, on receipt of an application from a Policyholder, will refund an amount in order to reduce the amount of tax otherwise payable under Part X.1 of the *Income Tax Act* (Canada).

13. Money is deemed locked in, if its withdrawal, surrender or commutation is prohibited. Locked-in money includes interest, gains and losses.

14. The pension benefit will be invested in a manner which complies with the rules for the investment of registered retirement savings plans as provided for in the *Income Tax Act* (Canada).

15. Sun Life will, prior to transferring the pension benefit, advise the transferee in writing of the locked-in status of the money and make acceptance of the transfer subject to the conditions provided for in subsection 29.1 (4) of the Regulations.

16. If money under this Policy is paid out contrary to the Act or Regulations, Sun Life will provide or ensure the provision of a pension in the amount of the pension that would have been provided had the locked-in money not been paid out.

17. Monies which are not locked-in, will not be held in a contract under which locked-in money is to be held.

18. Where a physician certifies that due to mental or physical disability, the life expectancy of the Policyholder is likely to be shortened considerable, the Policyholder may request Sun Life to withdraw money from the Policy in a lump sum or in a series of payments for the purpose of subsection 39(2) of the Act.

19. The balance of the locked-in money in a contract may not be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment. Any transaction which contravenes this will be void.

SASKATCHEWAN

LIFE INCOME FUND (LIF) PROVISION

This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provisions.

In this provision, all capitalized terms have the meaning assigned to those terms under the Saskatchewan Pension Benefits Act (1992) ("the Act") and the Regulations, as amended from time to time.

In this provision, the words "life annuity contract", "life income fund contract", "locked-in retirement account contract", "locked-in retirement income fund contract", "pension", and "spouse" have the same meanings as are respectively given to these words in the Act and the Regulations.

The definition of spouse does not include any person who is not recognized as a spouse for the purposes of any provision of the Income Tax Act.

The Act requires that this Policy contain the following provisions in respect of such contributions which represent LIF amounts.

1. All money, including investment earnings, subject to any transfer to or from the Policy is to be used to provide or secure a pension that would, but for the transfer and previous transfer, if any, be required by the Act and the Regulations.

2. The money under this Policy will be invested in a manner which complies with the rules for investment of RRIFs as provided for in the Income Tax Act (Canada), and will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is:
   a) the Policyholder,
   b) the Spouse, parent, brother, sister or child of the Policyholder, or
   c) the Spouse of the parent, brother, sister or child of the Policyholder.

3. Except as provided by the Act, money in the Policy cannot be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment. Any transaction purporting to assign, charge, alienate or anticipate is deemed void.

4. The amount of income paid to the Policyholder during each Fiscal Year of the Policy will not exceed the maximum amount which is calculated as: C/F where

   C= the Total Policy Value in the Policy on the first day of the Fiscal Year, and
   F= the value on January 1 of the Fiscal Year, of a guaranteed pension, the annual payment of which is $1 payable at the beginning of each Fiscal Year between that date and December 31 of the year during which the Policyholder attains the age of 90 years.

5. The value of F in paragraph 4 will be calculated by using:
   a) an interest rate of not more than 6% per year,
   or
   b) for the first 15 years after the date of the valuation, an interest rate exceeding 6% per year if that rate does not exceed the interest rate obtained on long-term bonds issued by the Government of Canada for the month of November preceding the year of the valuation, as compiled by Statistics Canada and published in the Bank of Canada Review as CANSIMSeries B-14013, and using an interest rate not exceeding 6% in subsequent years.

6. Where contribution to the Policy is from a Locked-In retirement savings plan or LIRA, and the contribution is applied to the Policy on a day other than January 1, the maximum amount of income is adjusted in proportion to the number of months remaining in that calendar year from the date the contribution was made, with any incomplete month counting as one month.

7. Where the contribution to the Policy is from another LIF, the maximum amount of income in the year of the transfer is zero.

8. In any Fiscal Year where an additional contribution is made to the Policy and that additional contribution has never been in a LIF, an additional surrender will be allowed in that Fiscal Year. This additional surrender will not exceed the maximum that would be calculated if the additional contribution were being transferred into a separate LIF and not this Policy.

9. If money under this Policy is paid out contrary to the Act or Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

10. The Policyholder may, prior to using the Total Policy Value to purchase an immediate life annuity contract, transfer all or part of the Total Policy Value to:
    a) a LIRA,
    b) a deferred annuity contract in accordance with the Income Tax Act, or
    c) a LIF.

11. Sun Life, before transferring money under the Policy to another financial institution, will advise the financial institution of the requirement to lock-in the money as per the Regulations and receive its acceptance to deal with the money transferred in accordance with the lock-in provisions of the Act.

12. If money under this Policy is transferred to another financial institution in a manner which does not comply with the Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

13. The Total Policy Value must be used to purchase an immediate life annuity contract no later than December 31 of the year in which the Policyholder attains the age of 80 years. The Policyholder may at any time prior to this date use all or part of the Total Policy Value to purchase an immediate life annuity contract.

14. Sun Life will provide the Policyholder with the information specified in section 30 of the Regulations.

15. Except as provided by the Act, money in the Policy cannot be withdrawn, commuted or surrendered during the lifetime of the Policyholder.

16. Where a Policyholder who has a Spouse at the date the pension commences elects a life pension, the life pension will provide for a joint and survivor life annuity contract with at least 60% payable to the surviving Spouse after the Policyholder's death. The Policyholder may elect this form of life pension with or without a guarantee not exceeding 15 years. The pension payments to the Spouse in a year after the death of the Policyholder may not exceed the total pension payments in a year before that death.

17. A Policyholder who has a Spouse at the date pension commences shall not be entitled to elect any optional form of pension unless the Spouse files with Sun Life, a joint and survivor pension waiver prescribed in the Regulation. The waiver form must be filed with Sun Life prior to the date pension commences but not more than 90 days prior to pension commencement.

18. The retirement income shall be payable in equal annual or more frequent periodic payments, unless each payment is uniformly adjusted:
    a) to the lesser of all or part of the annual increase in the Consumer's Price Index, as published by Statistics Canada or a rate provided for in the annuity contract, not exceeding 4% per annum; or
    b) because the Policyholder of the retirement annuity has divided the benefit with the Spouse as referred to in Part VI of the Act and section 146(2)(b)(ii) of the Income Tax Act, or
    c) because the Policyholder has elected a spousal survivor benefit according to section 34 of the Act.

19. The Policy shall be subject, with any necessary modification, to the division on marriage breakdown provisions in Part VI of the Act.

20. Where a physician certifies that due to mental or physical disability, the life expectancy of the Policyholder is likely to be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments.

21. Income payments from the Policy are subject to garnishment for the purpose of enforcing a maintenance order as defined in The Enforcement of Maintenance Orders Act. The Policyholder will have no further claim or entitlement to any income payments respecting the amount garnished and Sun Life is not liable to any persons for having made the payments pursuant to the garnishment.

22. Monies which are not locked-in will be held in a separate account for the Policyholder.

SASKATCHEWAN

LOCKED-IN RETIREMENT INCOME FUND (LRIF) PROVISION

This provision takes precedence over any other provision of the Policy in the case of conflicting or inconsistent provisions.

In this provision, all capitalized terms have the meaning assigned to those terms under the Saskatchewan Pension Benefits Act (1992) ("the Act") and the Regulations, as amended from time to time.

In this provision, the words "life annuity contract", "life income fund contract", "locked-in retirement account contract", "locked-in retirement income fund contract", "pension", and "spouse" have the same meanings as are respectively given to these words in the Act and the Regulations.

The definition of spouse does not include any person who is not recognized as a spouse for the purposes of any provision of the Income Tax Act.

The Act requires that this Policy contain the following provisions in respect of such premiums which represent LRIF amounts.

1. All money, including investment earnings, subject to any transfer to or from the Policy is to be used to provide or secure a pension as required by the Act and the Regulations.

2. The Policyholder may, prior to using the balance of the Policy to purchase an immediate life annuity contract, transfer all or part of the balance of the assets to:
   a) a LIRA,
   b) a life annuity contract in accordance with the Income Tax Act,
   c) a LRIF.

3. Where a physician certifies that due to mental or physical disability, the life expectancy of the Policyholder is likely to be shortened considerably, the money may be paid to the Policyholder in a lump sum or in a series of payments.

4. Except as provided by the Act, money in the Policy cannot be assigned, charged, alienated or anticipated and is exempt from execution, seizure or attachment. Any transaction purporting to assign, charge, alienate or anticipate is deemed void.

5. The amount of income paid to the Policyholder during each Fiscal Year of the Policy will not exceed the maximum amount which is calculated as the greatest of:
   a) the Total Policy Value at the beginning of that each Fiscal Year (the sum of all amounts transferred in the Policy less all amounts transferred out of the Policy);
   b) the investment income earned in the immediately previous Fiscal Year of the Policy, and
   c) if the payment is being made in the Fiscal Year in which the Policy was established or in the Fiscal year immediately following its establishment, 6% of the Total Policy Value of the Policy at the beginning of that Fiscal year.

6. Sun Life will provide the Policyholder with the information specified in section 31 of the Regulations.

7. The money under this Policy will be invested in a manner which complies with the rules for investment of RRIFs as provided for in the Income Tax Act (Canada), and will not be invested, directly or indirectly, in any mortgage in respect of which the mortgagor is:
   a) the owner of the LRIF,
   b) the spouse, parent, brother, sister or child of the owner of the LRIF, or
   c) the spouse of the parent, brother, sister or child of the owner of the LRIF.

8. If money under this Policy is paid out contrary to the Act or Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

9. Sun Life, before transferring money under the Policy to another financial carrier, will advise the financial carrier of the requirement to lock-in the money as per the Regulations and receive its acceptance to deal with the money transferred in accordance with the lock-in provisions of the Act.

10. If money under this Policy is transferred to another financial carrier in a manner which does not comply with the Regulations, Sun Life will provide or ensure the Policyholder the pension which otherwise would have been payable.

11. Monies which are not locked-in will be held in a separate account for the Policyholder.

12. Except as provided by the Act, money in the Policy cannot be withdrawn, commuted or surrendered during the lifetime of the Policyholder.

13. The Policy shall be subject, with any necessary modification, to the division on marriage breakdown provisions in Part VI of the Act.

14. Income payments from the Policy are subject to garnishment for the purpose of enforcing a maintenance order as defined in The Enforcement of Maintenance Orders Act. The Policyholder will have no further claim or entitlement to any income payments respecting the amount garnished and Sun Life is not liable to any persons for having made the payments pursuant to the garnishment.

Notes

Notes

Notes

You can obtain additional information about Clarica Portfolio segregated funds (individual variable life insurance contracts) from the audited annual financial statements. You can obtain a free copy of these audited annual financial statements or other information about the Clarica Portfolio by:

- asking your Clarica advisor
- calling CI's Client Services Department toll free at 1-888-771-2999
- visiting CI's Web site at www.cifunds.com

issued by Sun Life Assurance Company of Canada

managed by CI Mutual Funds Inc.

The issuer of the Clarica Portfolio is:

Sun Life Assurance Company of Canada
227 King Street South
PO Box 1601, STN Waterloo
Waterloo, Ontario
N2J 4C5

www.clarica.com

The manager of the Clarica Portfolio is:

CI Mutual Funds Inc.
CI Place
151 Yonge Street, 11th Floor
Toronto, Ontario
M5C 2W7

www.cifunds.com

CLARANNUITY-07/04E