

Minimum Distribution Program Highlights for Owner Accounts

REQUIRED MINIMUM DISTRIBUTIONS (RMDs)¹:

The Internal Revenue Service (IRS) has issued regulations for Required Minimum Distributions (RMDs). Individual Retirement Annuities (IRAs), 403(b) plans, 457 deferred compensation plans and qualified retirement plans, such as 401(k), pension and profit sharing plans are subject to the RMD rules.

- **Lifetime and After Death Distributions:** RMDs apply during your lifetime, except for Roth IRA owners, and after your death, to your beneficiaries, including Roth IRA beneficiaries.
- **Required Beginning Date:** Upon your attainment of age 70½, the IRS requires that you begin to withdraw a minimum amount of money from your IRA(s) and qualified retirement plan account(s). This minimum amount of money is your required minimum distribution. You must continue to withdraw the required minimum distribution by December 31st for every calendar year thereafter.
- **Postponement of Your First RMD:** If you are an IRA owner, you may postpone the distribution of your first RMD until April 1st of the calendar year after the year in which you turn 70½. If you are a qualified retirement plan participant, you may postpone your first RMD until the later of April 1st of the calendar year after the year you attain age 70½ or April 1st of the calendar year after the year you retire from employment with the employer sponsoring the plan. If you postpone the distribution of your first RMD until the April 1st deadline, you must take a second RMD by December 31st of the same year to satisfy that calendar year's requirement. Accordingly, you would be receiving two taxable distributions in one calendar year.
- **RMD Calculation:** Sun Life Financial calculates your RMD each year.

Effective January 2006, the IRS has instructed that RMDs be based on your entire interest under your annuity contract. The entire interest is referred to as the RMD Basis Value by Sun Life Financial and it is your year-end account value plus the value assigned to future benefits. Benefits are additional features that will be payable in the future. They may include death and living benefits. You will be affected only when your RMD Basis Value is higher than your year-end account value, because your RMD amount will be higher.

Sun Life Financial uses the following formula to calculate your annual RMDs:

RMD Basis Value = 12/31 account value + value of future benefits, if applicable

$$\text{Your RMD Amount} = \frac{\text{RMD Basis Value}}{\text{Life Expectancy Factor}}$$

The Life Expectancy Factor is based on your age from the IRS's Uniform Lifetime Table, or your age and that of your spouse (if he/she is more than 10 years younger than you and your sole beneficiary) from the IRS's Joint Life and Last Survivor Table².

- **RMD Amount Notification:** You will be notified of your RMD amount by January 31st of each calendar year.
- **RMD Payments:** Distributions to satisfy your annual RMD may begin at any time during a calendar year, provided the total amount of your RMD for a particular calendar year is distributed by December 31st of that year.
 - Your RMD may be distributed to you in one payment or multiple payments (monthly, quarterly, semi-annually or annually).

¹ The Required Minimum Distribution Highlights are designed to introduce you to the rules that may affect your individual circumstances. The rules are complex and contain many conditions and exceptions that are not included in the Highlights. Since Sun Life Financial does not provide tax or legal advice, you may want to obtain such advice from an independent adviser.

² Please refer to IRS Publication 590, Individual Retirement Arrangements (IRAs), for additional information about RMDs and copies of the life expectancy tables.

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- **Excise Tax:** A 50% excise tax is imposed by the IRS if you fail to take your RMD for a particular calendar year within the prescribed time period. The excise tax is assessed on the amount that you should have withdrawn.

For additional information, please refer to IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Regulation 1.401(a)(9)-0 through 1.401(a)(9)-9, 1.403(b)-3, 1.408-8 and 54.4974-2.

MINIMUM DISTRIBUTION PROGRAM:

- **Purpose:** The Minimum Distribution Program allows you to satisfy your annual RMD requirement automatically for your account at Sun Life Financial.
- **Enrollment:** You must complete the enrollment form entitled, "Required Minimum Distribution (RMD) Request Form for Owners," and return it to Sun Life Financial³.
- **Special Features:**
 - **Automatic Distribution:** Your annual RMD will be calculated and distributed to you automatically each calendar year.
 - **Flexible Payments:**
 - Once you have enrolled in the program, you do not have to request the payment of your annual RMD for future years. The RMD amount is distributed to you based upon a payment frequency (monthly, quarterly, semi-annually or annually) elected by you. You may change the payment frequency of your RMD at any time by submitting a written request to do so.
 - RMD payments will be deducted from your account on the 25th day of the month or the next business day should the 25th day fall on a holiday or weekend.
 - Additional amounts of money may be withdrawn from your account(s) at any time. Please indicate the amount of the additional withdrawal on the RMD Request Form. The additional amount of money that you request will be added to your RMD amount and distributed to you in accordance with the payment frequency you choose (monthly, quarterly, semi-annually or annually). Any additional amount that you withdraw may be subject to surrender charges and a Market Value Adjustment as described in the contract and prospectus. Please note that withdrawals of additional money cannot be credited to your RMD for the next year.
Note: This feature is not available for 403(b) plan participants. Additional money may be withdrawn by submitting a separate withdrawal form for qualified annuities.
- **Direct Deposit:**
 - You may elect to have your RMD payments deposited directly into your bank account by Electronic Funds Transfer (EFT).

³ Sun Life Assurance Company of Canada (U.S.) issues annuity contracts in all states except for New York. New York contracts are issued by Sun Life Insurance and Annuity Company of New York. Both companies are members of the Sun Life Financial group of companies.