

# *An Endorsement Split Dollar Arrangement*



**Prepared for Sample Client**  
**Prepared by Summit Alliance Financial**  
**14785 Preston Road | Suite 1000**  
**Dallas, TX 75254**

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# Sun Life Assurance Company of Canada

## An Illustration of Sun Executive UL Life Insurance (2009)

**Client Name** : Sample Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$278,169.00

**Specified Face Amount:** \$5,000,000  
**Death Benefit Option:** C to A in Year 11  
**Premium Frequency:** Annual

**NOTE:** In April 2007, the IRS released Notice 2007-34, specifically addressing the application of the Section 409A deferred compensation rules to split dollar arrangements. The IRS has taken the position that most split dollar arrangements do not fall within the purview of Code Section 409A. The only split dollar arrangements that may have a deferred compensation component are the "equity" ones, and those are subject to the 409A rules. The three types of split dollar arrangements identified in the Notice as subject to Section 409A are:

- 1) Endorsement Equity Plans that give the insured current or future access to the cash value of the policy;
- 2) Collateral Assignment Equity Plans that provide a portion of the policy cash value to the insured upon termination of the arrangement; and
- 3) Loan Regime Plans that contain an agreement to forgive employer advances or to charge less than a "market rate of interest".

**Split Dollar** is a technique that provides for a sharing of the cost of an employee benefit between the employee and the employer. The terms or the interests of the parties are set out in a split dollar agreement, and a collateral assignment, a loan arrangement or the beneficiary designation in the case of endorsement split dollar, distributes the interests between the parties for the duration of the agreement. Like other non-qualified employee benefit plans, split dollar allows the employer to choose who participates and at what level of benefits. The employee receives death benefit protection for family and, depending on the plan design, may have access to some cash values in the policy. The business can arrange for full cost recovery under the terms of the split dollar agreement.

**Sarbanes-Oxley Act of 2002:** Split Dollar arrangements may be affected by the Sarbanes-Oxley Act of 2002 which prohibits the extension of credit by public companies to their directors and executive officers. It is recommended that you consult you legal and tax advisors for more information.

### Uses of Split Dollar

**Fringe Benefit:** Split dollar is most often used as a method to fund a fringe benefit. By providing some of the funds needed for an employee to have substantial death benefit protection for family members, the employer is providing a valuable form of additional compensation.

**Funding a Cross Purchase Buy Sell:** Split dollar can provide cost recovery to the business of funding the plan. Cross owned policies can be used to facilitate the business buy sell plan.

**Shareholder Benefit:** A shareholder can use split dollar as a technique to finance life insurance protection while avoiding the dividend treatment required when funding for other forms of insurance provided by the corporation.

**Alternative to a "Salary Continuation" Plan for the Spouse:** Split dollar can be more tax efficient than deferred compensation plans in providing post death income to a surviving spouse. The benefits paid under a deferred compensation plan are included in the employee's estate and are income taxable to the recipient. When the split dollar arrangement is properly structured, the benefit paid to the spouse can be income tax free and estate tax free.

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**An Illustration of Sun Executive UL Life Insurance (2009)**

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## Types of Split Dollar Plans and their Taxation

*NOTE: IRS Final Regulations on Split Dollar arrangements were published on September 13, 2004. The regulations require the parties to a split-dollar life insurance arrangement to be taxed under one of two "mutually exclusive regimes": the Economic Benefit Regime or the Loan Regime. Under the Economic Benefit Regime, the premium payments by the employer result in taxable "economic benefits" to the employee. Under the Loan Regime, premium payments by the employer are treated as a series of interest bearing loans to the employee.*

**Non-Equity Collateral Assignment Split Dollar** is an arrangement wherein the key employee owns the life insurance policy and the employer advances premiums for the benefit of the employee (or a third party owner such as the employee's ILIT or spouse). The policy owner collaterally assigns the policy cash value to the employer. At termination of the arrangement, the employer is typically repaid the greater of premiums advanced or cash value in the contract. The assignment is released, resulting in full policy ownership by the employee.

**Taxation:** During the course of the arrangement, the employee pays income tax on the economic benefit associated with the life insurance benefit received. The taxable benefit is not deductible by the employer. The employee may contribute a portion of the premium payment equal to the economic benefit rather than be taxed on it. If the life insurance policy is owned by a third party (e.g., an ILIT or spouse), the employee will be deemed to have made a gift of the economic benefit or premium payment to the third party owner. If the gift is a "future interest" gift, the employee will be required to file a gift tax return.

**Endorsement Split Dollar** is an arrangement wherein the employer owns a life insurance policy on the life of a key employee. Typically, the employer endorses some or all of the death benefit to the employee for pre-retirement death benefit protection for the employee's beneficiaries in the event the employee dies while employed. At retirement of the key employee, the endorsement is terminated.

**Taxation:** The employee is taxed annually on the economic value associated with the life insurance benefit received. The measure of the economic benefit is provided in IRS Table 2001. The taxable benefit is not deductible by the employer.

**Loan Regime Split Dollar** is an arrangement wherein the key employee (or a third party like the employee's ILIT or spouse) is the owner of the life insurance policy on the employee's life and the employer advances premium payments. The advances are considered to be loans to the employee, secured by the policy for repayment to the employer.

**Taxation:** In a below-market rate loan under IRC §7872, interest income is imputed to the employee, who pays tax on the interest income. The imputed interest income is usually a deductible expense for the employer. At the death of the employee, the death benefit to the named beneficiary(ies) is income tax free and, if structured properly, may be estate tax free.

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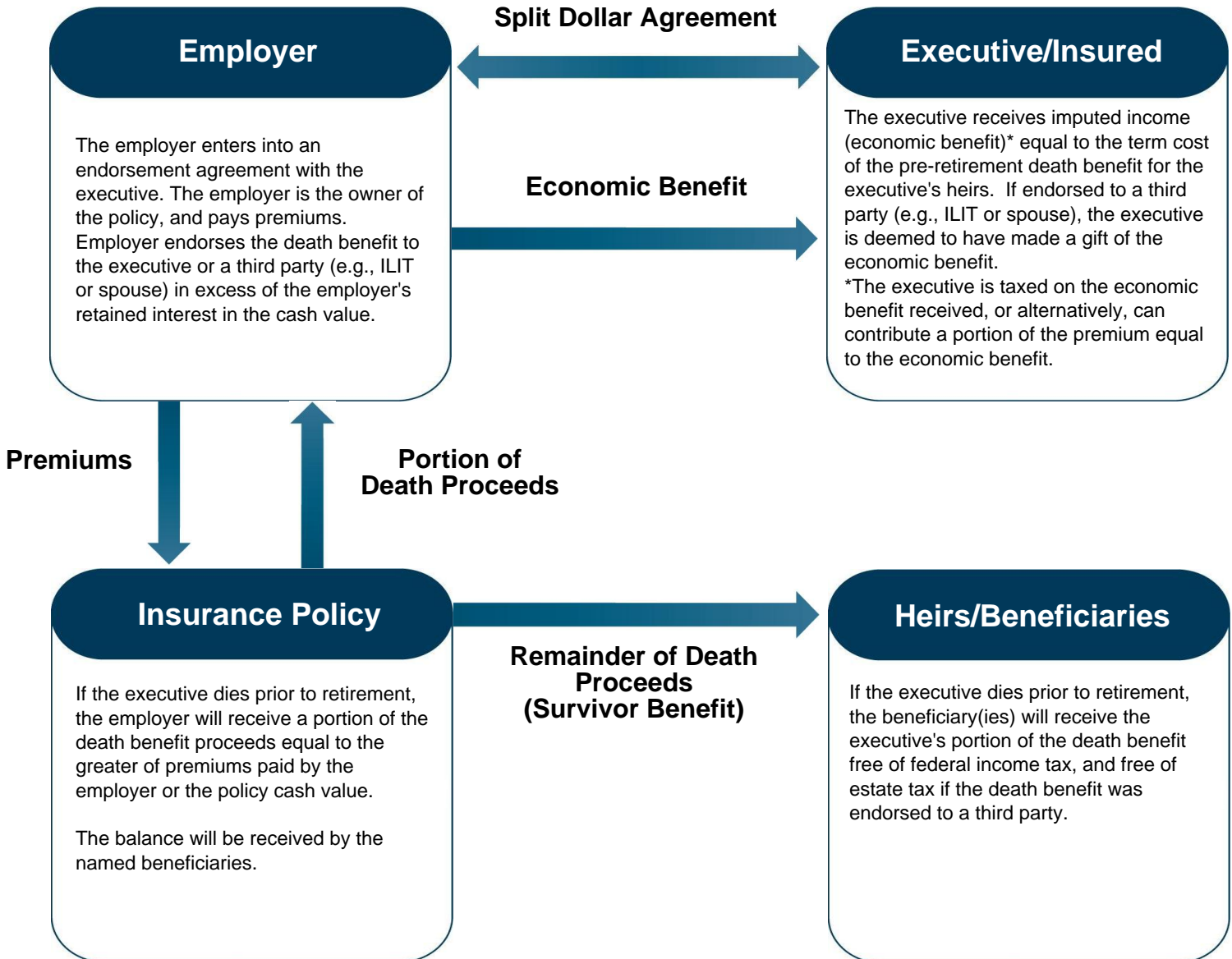
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**Specified Face Amount:** \$5,000,000  
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### Endorsement Split Dollar (How it works)



**Post-Retirement:** The split-dollar agreement is generally terminated at the executive's retirement, and the employer regains control of the policy death benefit and cash value. The employer may choose to provide the executive with supplemental retirement benefits from the cash value, bonus the policy to the executive, or sell it to the executive. Receipt of the employer's interest in the policy will be taxable income to the executive. If any value is transferred to the employee, income will be recognized, and the split dollar arrangement may be subject to Code Section 409A Final Regulations. Sale of the policy to the executive will be taxable income to the employer to the extent the proceeds of sale exceed basis in the policy.

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## Benefits to the Employer

**Employee retention:** A selective and additional fringe benefit makes it easier to recruit and retain employees.

**Simplicity:** Filing and reporting requirements are minimal.

**Flexibility:** The employer can vary benefits among participants allowing for individually designed incentive programs to meet the needs of both the business and the executive.

**Ownership:** The employer owns the life insurance contract and controls the policy cash values subject to the terms of the agreement.

**Cost recovery:** The employer can recover the costs of the split dollar plan using the death proceeds or policy cash values when the plan is terminated. If the employer chooses to provide supplemental retirement benefits to the executive after the split dollar arrangement terminates, the employer will receive an income tax deduction for the payments to the executive.

## Benefits to the Executive

**Life insurance protection:** Current life insurance protection is provided at a reasonable cost and is received by heirs free of federal income tax and, if properly structured, free of estate tax.

**Flexible design:** The plan can be tailored to meet each executive's individual needs.

**Supplemental retirement benefit:** Upon the executive's retirement, the employer may choose to utilize policy cash values to provide retirement income to the executive. The employer accesses the life insurance policy cash values through withdrawals and/or policy loans. Payments to the executive will be taxable to the executive.

**Ownership transfer:** The employer may choose to bonus the life insurance policy (including the cash value) to the executive after termination of the split dollar arrangement. The amount taxable to the executive is the policy's cash value to the extent that any value is transferred to the employee income will be recognized.

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## Exit Strategies for Split Dollar Plans

Each time a split dollar agreement is entered into by an executive and employer, an exit strategy should be considered. Termination, or "roll-out", of a split agreement works best when it is planned for at the outset. The planning must incorporate how the employer is repaid its advances, and how the policy will be funded on an ongoing basis. Problems will occur when there is inadequate value to carry out these objectives. Keep in mind the basic rule is that when a split dollar plan is terminated, if the employer passes to the employee something of value to which it is entitled, the employer will be entitled to a deduction for the amount given up and the executive will include a corresponding amount as ordinary income in the year received. (IRC § 83).

## Examples

**1. Endorsement Split Dollar:** At executive's retirement, if the employer terminates the agreement and transfers the policy to the executive, the employer would deduct the amount of the cash value of the policy transferred (keeping an amount equal to its premiums paid if previously agreed to), and the executive would include the net cash value in his/her ordinary income that year. If value is transferred to the employee, the split dollar agreement may be subject to Code Section 409A Final Regulations. Care must be taken that there is adequate value to carry the policy forward or another means of funding is arranged for.

**2. Loan Regime Split Dollar:** Executive pays back loans to employer. Care must be taken that there is adequate value to pay back the loans and to fund the policy on an ongoing basis. It may be necessary to arrange for collateral planning techniques (i.e. GRAT with remainder interest going to the owner of the policy) to fulfill the purpose of the insurance. No further tax consequence to the executive unless some or all of the loan is forgiven. Forgiveness would result in ordinary income tax to the executive on the amount forgiven in the year received. If the loan is forgiven, the split dollar agreement may be subject to Code Section 409A Final Regulations.

**3. Non-Equity Collateral Assignment:** The premiums advanced as well as any equity in the contract belong to the employer. Therefore on a termination of the agreement another source of funding must be planned for if the employee intends to continue the policy, since there will no longer be any cash. If the employer transfers its interest in the policy to the employee upon termination of the arrangement, the employee would include the value in ordinary income and the employer would deduct the amount.

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 Death Benefit Option: C to A in Year 11  
 Premium Frequency: Annual

### Summary Presentation - Endorsement Split Dollar Summary

Employer Tax Bracket: 34.00%

Employee Tax Bracket: 31.00%

Yr	Age	Premium Outlay	Employer					Executive				
			Employer Premium Paid	Bonus Paid	After-Tax Annual Outlay	Net Cash Surrender Value	Net Death Benefit	Reportable Economic Benefit	Executive Premium Paid	After-Tax Annual Outlay	Net Cash Surrender Value	Net Death Benefit
1	51	278,169	278,169	0	278,169	273,083	278,169	11,500	0	3,565	0	5,000,000
2	52	278,169	278,169	0	278,169	552,490	556,338	12,600	0	3,906	0	5,000,000
3	53	278,169	278,169	0	278,169	838,804	838,804	14,038	0	4,352	0	4,995,703
4	54	278,169	278,169	0	278,169	1,131,407	1,131,407	15,940	0	4,941	0	4,981,269
5	55	278,169	278,169	0	278,169	1,428,478	1,428,478	18,113	0	5,615	0	4,962,367
6	56	278,169	278,169	0	278,169	1,725,578	1,725,578	20,515	0	6,360	0	4,943,436
7	57	278,169	278,169	0	278,169	2,006,820	2,006,820	23,121	0	7,167	0	4,940,363
8	58	278,169	278,169	0	278,169	2,360,412	2,360,412	25,298	0	7,842	0	4,864,940
9	59	278,169	278,169	0	278,169	2,732,222	2,732,222	27,006	0	8,372	0	4,771,299
10	60	278,169	278,169	0	278,169	3,123,012	3,123,012	28,232	0	8,752	0	4,658,678
<b>Total</b>		<b>2,781,690</b>	<b>2,781,690</b>	<b>0</b>	<b>2,781,690</b>			<b>196,362</b>	<b>0</b>	<b>60,872</b>		
11	61	0	0	3,123,012	-945,775	0	0	0	0	0	2,253,136	6,813,556
12	62	0	0	0	0	0	0	0	0	0	2,355,051	6,813,556
13	63	0	0	0	0	0	0	0	0	0	2,461,625	6,813,556
14	64	0	0	0	0	0	0	0	0	0	2,573,129	6,813,556
15	65	0	0	0	0	0	0	0	0	0	2,689,284	6,813,556
16	66	0	0	0	0	0	0	0	0	0	2,810,256	6,813,556
17	67	0	0	0	0	0	0	0	0	0	2,936,196	6,813,556
18	68	0	0	0	0	0	0	0	0	0	3,067,577	6,813,556
19	69	0	0	0	0	0	0	0	0	0	3,204,770	6,813,556
20	70	0	0	0	0	0	0	0	0	0	3,348,095	6,813,556
<b>Total</b>		<b>2,781,690</b>	<b>2,781,690</b>	<b>3,123,012</b>	<b>1,835,915</b>			<b>196,362</b>	<b>0</b>	<b>60,872</b>		
21	71	0	0	0	0	0	0	0	0	0	3,490,681	6,813,556
22	72	0	0	0	0	0	0	0	0	0	3,639,014	6,813,556
23	73	0	0	0	0	0	0	0	0	0	3,793,496	6,813,556
24	74	0	0	0	0	0	0	0	0	0	3,954,507	6,813,556
25	75	0	0	0	0	0	0	0	0	0	4,122,291	6,813,556
26	76	0	0	0	0	0	0	0	0	0	4,297,859	6,813,556
27	77	0	0	0	0	0	0	0	0	0	4,481,345	6,813,556
28	78	0	0	0	0	0	0	0	0	0	4,673,555	6,813,556
29	79	0	0	0	0	0	0	0	0	0	4,875,433	6,813,556
30	80	0	0	0	0	0	0	0	0	0	5,087,431	6,950,806
<b>Total</b>		<b>2,781,690</b>	<b>2,781,690</b>	<b>3,123,012</b>	<b>1,835,915</b>			<b>196,362</b>	<b>0</b>	<b>60,872</b>		

The arrangement being illustrated is an Endorsement Split Dollar and is regulated by the Internal Revenue Service Final Split Dollar Regulations. The Employer owns the policy and by special endorsement the Employee designates the beneficiary of a specified portion of the death benefit. This illustration assumes the 2001 rates when valuing the economic benefit. The Final Regulations provide for two split dollar regimes: Economic Benefit and Loan. The regime chosen dictates the method used to value the coverage received under the arrangement. In calculating the value of coverage under the economic benefit regime, IRS Revenue Ruling 66-110 and Notice 2002-8 apply and provide for the use of the "current published premium rates charged by an insurer for individual 1-year term life insurance available to all standard risks." The use of these rates for valuation purposes may be changed or withdrawn by the IRS at any time and without prior notice. The 1-year term rates available in this illustration are for the Sun Life 1-year term product, however, Sun Life and its representatives make no representation that the rates illustrated herein meet the IRS requirements for use in valuing life insurance protection in split dollar arrangements. If loan regime is selected, premiums are treated as interest-bearing loans. This illustration is based upon the interest rate entered. Actual interest rates can and will change, altering the results of this illustration. You should consult your tax and legal advisors prior to entering into any split dollar arrangement.

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### Summary Presentation - Endorsement Split Dollar Summary

Employer Tax Bracket: 34.00%

Employee Tax Bracket: 31.00%

Yr	Age	Premium Outlay	Employer					Executive					
			Employer Premium Paid	Bonus Paid	After-Tax Annual Outlay	Net Cash Surrender Value	Net Death Benefit	Reportable Economic Benefit	Executive Premium Paid	After-Tax Annual Outlay	Net Cash Surrender Value	Net Death Benefit	
31	81	0	0	0	0	0	0	0	0	0	0	5,308,020	7,123,674
32	82	0	0	0	0	0	0	0	0	0	0	5,536,055	7,303,969
33	83	0	0	0	0	0	0	0	0	0	0	5,771,640	7,492,618
34	84	0	0	0	0	0	0	0	0	0	0	6,014,710	7,688,680
35	85	0	0	0	0	0	0	0	0	0	0	6,264,769	7,891,265
36	86	0	0	0	0	0	0	0	0	0	0	6,523,221	8,102,444
37	87	0	0	0	0	0	0	0	0	0	0	6,789,909	8,322,724
38	88	0	0	0	0	0	0	0	0	0	0	7,065,035	8,552,948
39	89	0	0	0	0	0	0	0	0	0	0	7,348,673	8,793,577
40	90	0	0	0	0	0	0	0	0	0	0	7,640,914	9,044,778
<b>Total</b>		<b>2,781,690</b>	<b>2,781,690</b>	<b>3,123,012</b>	<b>1,835,915</b>			<b>196,362</b>	<b>0</b>	<b>60,872</b>			
41	91	0	0	0	0	0	0	0	0	0	0	7,943,751	9,308,603
42	92	0	0	0	0	0	0	0	0	0	0	8,258,287	9,585,645
43	93	0	0	0	0	0	0	0	0	0	0	8,585,265	9,872,810
44	94	0	0	0	0	0	0	0	0	0	0	8,925,747	10,169,035
45	95	0	0	0	0	0	0	0	0	0	0	9,281,324	10,472,961
46	96	0	0	0	0	0	0	0	0	0	0	9,654,381	10,782,243
47	97	0	0	0	0	0	0	0	0	0	0	10,048,921	11,093,029
48	98	0	0	0	0	0	0	0	0	0	0	10,471,344	11,394,709
49	99	0	0	0	0	0	0	0	0	0	0	10,932,294	11,674,063
50	100	0	0	0	0	0	0	0	0	0	0	11,450,069	11,908,072
<b>Total</b>		<b>2,781,690</b>	<b>2,781,690</b>	<b>3,123,012</b>	<b>1,835,915</b>			<b>196,362</b>	<b>0</b>	<b>60,872</b>			

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### Employer Summary

Employer Tax Bracket: 34.00%

Employee Tax Bracket: 31.00%

Yr	Age	Premium Outlay	Cash Flow							Net Cash Surrender Value	Net Death Benefit	
			Employer Premium Paid	Bonus Paid	Taxable Income	Total Tax Due	Net Tax Expense	Annual Disbursements	After-Tax Annual Outlay			
1	51	278,169	278,169	0	0	0	0	0	0	278,169	273,083	278,169
2	52	278,169	278,169	0	0	0	0	0	0	278,169	552,490	556,338
3	53	278,169	278,169	0	0	0	0	0	0	278,169	838,804	838,804
4	54	278,169	278,169	0	0	0	0	0	0	278,169	1,131,407	1,131,407
5	55	278,169	278,169	0	0	0	0	0	0	278,169	1,428,478	1,428,478
6	56	278,169	278,169	0	0	0	0	0	0	278,169	1,725,578	1,725,578
7	57	278,169	278,169	0	0	0	0	0	0	278,169	2,006,820	2,006,820
8	58	278,169	278,169	0	0	0	0	0	0	278,169	2,360,412	2,360,412
9	59	278,169	278,169	0	0	0	0	0	0	278,169	2,732,222	2,732,222
10	60	278,169	278,169	0	0	0	0	0	0	278,169	3,123,012	3,123,012
<b>Total</b>		<b>2,781,690</b>	<b>2,781,690</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,781,690</b>		
11	61	0	0	3,123,012	0	0	0	0	0	-945,775	0	0
<b>Total</b>		<b>2,781,690</b>	<b>2,781,690</b>	<b>3,123,012</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,835,915</b>		

The arrangement being illustrated is an Endorsement Split Dollar and is regulated by the Internal Revenue Service Final Split Dollar Regulations. The Employer owns the policy and by special endorsement the Employee designates the beneficiary of a specified portion of the death benefit. This illustration assumes the 2001 rates when valuing the economic benefit. The Final Regulations provide for two split dollar regimes: Economic Benefit and Loan. The regime chosen dictates the method used to value the coverage received under the arrangement. In calculating the value of coverage under the economic benefit regime, IRS Revenue Ruling 66-110 and Notice 2002-8 apply and provide for the use of the "current published premium rates charged by an insurer for individual 1-year term life insurance available to all standard risks." The use of these rates for valuation purposes may be changed or withdrawn by the IRS at any time and without prior notice. The 1-year term rates available in this illustration are for the Sun Life 1-year term product, however, Sun Life and its representatives make no representation that the rates illustrated herein meet the IRS requirements for use in valuing life insurance protection in split dollar arrangements. If loan regime is selected, premiums are treated as interest-bearing loans. This illustration is based upon the interest rate entered. Actual interest rates can and will change, altering the results of this illustration. You should consult your tax and legal advisors prior to entering into any split dollar arrangement.

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# Sun Life Assurance Company of Canada

## An Illustration of Sun Executive UL Life Insurance (2009)

**Client Name** : Sample Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$278,169.00

**Specified Face Amount:** \$5,000,000  
**Death Benefit Option:** C to A in Year 11  
**Premium Frequency:** Annual

### Executive Summary

Employer Tax Bracket: 34.00%

Employee Tax Bracket: 31.00%

Yr	Age	Premium Outlay	Death Benefit			Cash Flow					Total Annual Outlay	Net Cash Surrender Value
			Net Death Benefit	Reportable Economic Benefit	Net Reportable Income	Premium Paid	Annual Disbursements	Bonus Received	Rollout Amount	Tax Due		
1	51	278,169	5,000,000	11,500	11,500	0	0	0	0	3,565	3,565	0
2	52	278,169	5,000,000	12,600	12,600	0	0	0	0	3,906	3,906	0
3	53	278,169	4,995,703	14,038	14,038	0	0	0	0	4,352	4,352	0
4	54	278,169	4,981,269	15,940	15,940	0	0	0	0	4,941	4,941	0
5	55	278,169	4,962,367	18,113	18,113	0	0	0	0	5,615	5,615	0
6	56	278,169	4,943,436	20,515	20,515	0	0	0	0	6,360	6,360	0
7	57	278,169	4,940,363	23,121	23,121	0	0	0	0	7,167	7,167	0
8	58	278,169	4,864,940	25,298	25,298	0	0	0	0	7,842	7,842	0
9	59	278,169	4,771,299	27,006	27,006	0	0	0	0	8,372	8,372	0
10	60	278,169	4,658,678	28,232	28,232	0	0	0	0	8,752	8,752	0
<b>Total</b>		<b>2,781,690</b>		<b>196,362</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,872</b>	<b>60,872</b>	
11	61	0	6,813,556	0	0	0	968,134	3,123,012	3,123,012	968,134	0	2,253,136
12	62	0	6,813,556	0	0	0	0	0	0	0	0	2,355,051
13	63	0	6,813,556	0	0	0	0	0	0	0	0	2,461,625
14	64	0	6,813,556	0	0	0	0	0	0	0	0	2,573,129
15	65	0	6,813,556	0	0	0	0	0	0	0	0	2,689,284
16	66	0	6,813,556	0	0	0	0	0	0	0	0	2,810,256
17	67	0	6,813,556	0	0	0	0	0	0	0	0	2,936,196
18	68	0	6,813,556	0	0	0	0	0	0	0	0	3,067,577
19	69	0	6,813,556	0	0	0	0	0	0	0	0	3,204,770
20	70	0	6,813,556	0	0	0	0	0	0	0	0	3,348,095
<b>Total</b>		<b>2,781,690</b>		<b>196,362</b>		<b>0</b>	<b>968,134</b>	<b>3,123,012</b>	<b>3,123,012</b>	<b>1,029,006</b>	<b>60,872</b>	
21	71	0	6,813,556	0	0	0	0	0	0	0	0	3,490,681
22	72	0	6,813,556	0	0	0	0	0	0	0	0	3,639,014
23	73	0	6,813,556	0	0	0	0	0	0	0	0	3,793,496
24	74	0	6,813,556	0	0	0	0	0	0	0	0	3,954,507
25	75	0	6,813,556	0	0	0	0	0	0	0	0	4,122,291
26	76	0	6,813,556	0	0	0	0	0	0	0	0	4,297,859
27	77	0	6,813,556	0	0	0	0	0	0	0	0	4,481,345
28	78	0	6,813,556	0	0	0	0	0	0	0	0	4,673,555
29	79	0	6,813,556	0	0	0	0	0	0	0	0	4,875,433
30	80	0	6,950,806	0	0	0	0	0	0	0	0	5,087,431
<b>Total</b>		<b>2,781,690</b>		<b>196,362</b>		<b>0</b>	<b>968,134</b>	<b>3,123,012</b>	<b>3,123,012</b>	<b>1,029,006</b>	<b>60,872</b>	

The arrangement being illustrated is an Endorsement Split Dollar and is regulated by the Internal Revenue Service Final Split Dollar Regulations. The Employer owns the policy and by special endorsement the Employee designates the beneficiary of a specified portion of the death benefit. This illustration assumes the 2001 rates when valuing the economic benefit. The Final Regulations provide for two split dollar regimes: Economic Benefit and Loan. The regime chosen dictates the method used to value the coverage received under the arrangement. In calculating the value of coverage under the economic benefit regime, IRS Revenue Ruling 66-110 and Notice 2002-8 apply and provide for the use of the "current published premium rates charged by an insurer for individual 1-year term life insurance available to all standard risks." The use of these rates for valuation purposes may be changed or withdrawn by the IRS at any time and without prior notice. The 1-year term rates available in this illustration are for the Sun Life 1-year term product, however, Sun Life and its representatives make no representation that the rates illustrated herein meet the IRS requirements for use in valuing life insurance protection in split dollar arrangements. If loan regime is selected, premiums are treated as interest-bearing loans. This illustration is based upon the interest rate entered. Actual interest rates can and will change, altering the results of this illustration. You should consult your tax and legal advisors prior to entering into any split dollar arrangement.

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# Sun Life Assurance Company of Canada

## An Illustration of Sun Executive UL Life Insurance (2009)

<b>Client Name</b>	: Sample Client	<b>Specified Face Amount:</b>	\$5,000,000
<b>Age/Sex/Class</b>	: 50/Male/Preferred Non-Tobacco	<b>Death Benefit Option:</b>	C to A in Year 11
<b>First Payment</b>	: \$278,169.00	<b>Premium Frequency:</b>	Annual

### Executive Summary

Employer Tax Bracket: 34.00%

Employee Tax Bracket: 31.00%

Yr	Age	Premium Outlay	Death Benefit			Cash Flow					Total Annual Outlay	Net Cash Surrender Value
			Net Death Benefit	Reportable Economic Benefit	Net Reportable Income	Premium Paid	Annual Disbursements	Bonus Received	Rollout Amount	Tax Due		
31	81	0	7,123,674	0	0	0	0	0	0	0	0	5,308,020
32	82	0	7,303,969	0	0	0	0	0	0	0	0	5,536,055
33	83	0	7,492,618	0	0	0	0	0	0	0	0	5,771,640
34	84	0	7,688,680	0	0	0	0	0	0	0	0	6,014,710
35	85	0	7,891,265	0	0	0	0	0	0	0	0	6,264,769
36	86	0	8,102,444	0	0	0	0	0	0	0	0	6,523,221
37	87	0	8,322,724	0	0	0	0	0	0	0	0	6,789,909
38	88	0	8,552,948	0	0	0	0	0	0	0	0	7,065,035
39	89	0	8,793,577	0	0	0	0	0	0	0	0	7,348,673
40	90	0	9,044,778	0	0	0	0	0	0	0	0	7,640,914
<b>Total</b>		<b>2,781,690</b>		<b>196,362</b>		<b>0</b>	<b>968,134</b>	<b>3,123,012</b>	<b>3,123,012</b>	<b>1,029,006</b>	<b>60,872</b>	
41	91	0	9,308,603	0	0	0	0	0	0	0	0	7,943,751
42	92	0	9,585,645	0	0	0	0	0	0	0	0	8,258,287
43	93	0	9,872,810	0	0	0	0	0	0	0	0	8,585,265
44	94	0	10,169,035	0	0	0	0	0	0	0	0	8,925,747
45	95	0	10,472,961	0	0	0	0	0	0	0	0	9,281,324
46	96	0	10,782,243	0	0	0	0	0	0	0	0	9,654,381
47	97	0	11,093,029	0	0	0	0	0	0	0	0	10,048,921
48	98	0	11,394,709	0	0	0	0	0	0	0	0	10,471,344
49	99	0	11,674,063	0	0	0	0	0	0	0	0	10,932,294
50	100	0	11,908,072	0	0	0	0	0	0	0	0	11,450,069
<b>Total</b>		<b>2,781,690</b>		<b>196,362</b>		<b>0</b>	<b>968,134</b>	<b>3,123,012</b>	<b>3,123,012</b>	<b>1,029,006</b>	<b>60,872</b>	

The arrangement being illustrated is an Endorsement Split Dollar and is regulated by the Internal Revenue Service Final Split Dollar Regulations. The Employer owns the policy and by special endorsement the Employee designates the beneficiary of a specified portion of the death benefit. This illustration assumes the 2001 rates when valuing the economic benefit. The Final Regulations provide for two split dollar regimes: Economic Benefit and Loan. The regime chosen dictates the method used to value the coverage received under the arrangement. In calculating the value of coverage under the economic benefit regime, IRS Revenue Ruling 66-110 and Notice 2002-8 apply and provide for the use of the "current published premium rates charged by an insurer for individual 1-year term life insurance available to all standard risks." The use of these rates for valuation purposes may be changed or withdrawn by the IRS at any time and without prior notice. The 1-year term rates available in this illustration are for the Sun Life 1-year term product, however, Sun Life and its representatives make no representation that the rates illustrated herein meet the IRS requirements for use in valuing life insurance protection in split dollar arrangements. If loan regime is selected, premiums are treated as interest-bearing loans. This illustration is based upon the interest rate entered. Actual interest rates can and will change, altering the results of this illustration. You should consult your tax and legal advisors prior to entering into any split dollar arrangement.

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# Sun Life Assurance Company of Canada

## An Illustration of Sun Executive UL Life Insurance (2009)

**Client Name** : Sample Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$278,169.00

**Specified Face Amount:** \$5,000,000  
**Death Benefit Option:** C to A in Year 11  
**Premium Frequency:** Annual

### Narrative Summary

#### A LIFE INSURANCE ILLUSTRATION:

This is an illustration of Sun Life Assurance Company of Canada's Sun Executive UL life insurance product, which is generically known as Flexible Premium Universal Life. This illustration assumes that the currently illustrated non-guaranteed elements (credited interest rates, and cost of insurance (COI) charges) will continue unchanged for all years shown. This will not occur. Actual results will be more or less favorable than those shown.

Please be advised that the actual credited interest rates and actual cost of insurance charges will change over time and are dependent on the company's investment results, mortality costs and expense experience. Any values in this illustration are not intended to predict the actual values that you will receive over time.

#### ILLUSTRATION AND YOUR POLICY:

This illustration is not a contract and will not become part of any policy issued by us. The policy constitutes the actual agreement of coverage and contains the entire terms of the contract.

#### OVERVIEW OF YOUR POLICY:

1. You choose the face amount of insurance, the death benefit option and the amount and frequency of premium payments.
2. A premium expense load is deducted from each target premium paid. This charge is currently 20% in policy year 1, 9% policy years 2-10, and 3.25% thereafter. These charges will be determined by us from time to time based on our expectations of future expenses and taxes but cannot exceed 35% in policy year 1, 12% policy years 2-10, and 5% thereafter. All premiums in excess of the target premium are currently charged 3.5% in policy years 1-10, 3.25% thereafter and cannot exceed 5% in all policy years.
3. At the beginning of each month, we will deduct from the Account Value the cost of insurance (COI), a \$5 monthly expense charge and the cost of any supplemental benefits. A current monthly face amount charge of \$0.07 per thousand of Specified Face Amount is also deducted at the beginning of each month for the first 10 policy years. A \$10 monthly expense charge and an expense charge of \$0.20 per thousand is applied to the Specified Face Amount in the illustration pages which display guaranteed charges.
4. At the end of each month, the Account Value is credited with interest.
5. The Cash Surrender Value equals the Account Value plus the Enhancement Benefit, and less any policy loans and outstanding loan interest. The Enhancement Benefit is an additional value payable on Policy surrenders. The enhancement described above will not apply to complete surrenders that qualify for treatment as a tax-exempt exchange under Section 1035 of the Internal Revenue Code. In those cases, the Cash Surrender Value equals the Account Value less any outstanding Policy Debt.

Note: There are no monthly deductions or premium payments after the monthly anniversary day at which the insured's attained age equals 121. Interest will continue to be credited to the Account Value.

**Sun Life Assurance Company of Canada**  
**An Illustration of Sun Executive UL Life Insurance (2009)**

**Client Name** : Sample Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$278,169.00

**Specified Face Amount:** \$5,000,000  
**Death Benefit Option:** C to A in Year 11  
**Premium Frequency:** Annual

**Narrative Summary**

**ILLUSTRATION GLOSSARY OF TERMS:**

**Account Value:** The amount of premium outlay minus charges taken, plus interest credited, as described in the overview section.

**Age 121 Continuation:** If the policy is in force at the insured's age 121, the policy will continue to be in force beyond age 121. The death benefit after age 121 will be the greater of the Cash Surrender Value or the Total Policy Face Amount at age 121, reduced by any outstanding loan balance. We will not accept any more premiums and will continue to adjust the Account Value daily, but there will be no deductions for Cost of Insurance or expense charges. Any loan at age 121 will continue and interest on it will continue to accrue. There is no premium charge for this feature. Beyond age 100 of the insured, this policy may not qualify as life insurance and may be subject to adverse tax consequences. The company will not be responsible for any adverse tax consequences resulting from the extension of the policy past age 100. Sun Life Assurance Company of Canada recommends that you receive counsel from your tax advisor.

**Cash Surrender Value:** The illustrated amount available to the policyholder upon surrender of the policy at the end of the referenced policy year, as described in the overview section.

**Policy Loan:** An amount borrowed against the Account Value and paid to you in cash. Loans are assumed to be taken at the beginning of the referenced policy year. In this illustration it is assumed that any policy loan will incur interest at the loan interest rate of 4.00% during the first 10 policy years and 3.00% thereafter. The loaned portion of your Account Value will be credited with 3.00% interest. The outstanding loan balance will reduce the amount available as a cash surrender benefit and as a death benefit. Any outstanding loan balance is reflected in the illustrated Cash Surrender Values and Death Benefits, which are, therefore, on a net, after loan basis. A loan repayment may be illustrated. It can be identified via a negative in the loan column on the illustration's cash flow summary.

**Premium Frequency:** This illustration assumes that the premium outlay is made at the beginning of each year. The timing of the premium outlay is important. Payment at an earlier or later date than illustrated will affect policy values.

**Premium Outlay:** The premium outlay is the illustrated out-of-pocket payment. This product does not require that a specified premium be paid each year. You can determine the amount and timing of premium payments that will meet your objectives. Any objective that is desired may require a higher or lower premium outlay than illustrated; or may require that the illustrated premium outlay be paid for a shorter or longer period of time. Please be advised that the amount of variation can be significant.

Keep in mind that the policy will terminate when the Account Value less policy loans and outstanding interest is zero. Therefore, it is necessary for you to monitor the policy values each year to determine the premium outlay needed to keep the policy in force or to accomplish a specific cash surrender value objective.

**Underwriting Classification (Class):** The illustrated policy values assume this policy will be issued in the Preferred Non-Tobacco underwriting classification. The actual class will depend on the result of the underwriting process. If the actual class does differ from what is illustrated, the cost of insurance (COI) and monthly expense charges will differ from those used in this illustration and will affect policy values. COIs are also subject to change without a corresponding change to the underwriting class.

**Death Benefit:** The illustrated amounts payable assuming that death occurs at the end of any referenced policy year. The Specified Face Amount is the initial death benefit of \$5,278,169, and the illustration is based on Death Benefit Option C (total face amount plus sum of premiums paid) switching to Option A (level) in year 11. You must request in writing to us that the death benefit option be switched at the appropriate time.

**Sun Life Assurance Company of Canada**  
**An Illustration of Sun Executive UL Life Insurance (2009)**

**Client Name** : Sample Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$278,169.00

**Specified Face Amount:** \$5,000,000  
**Death Benefit Option:** C to A in Year 11  
**Premium Frequency:** Annual

**Narrative Summary**

**POLICY PROVISIONS AND OTHER SUPPLEMENTAL BENEFITS:**

**Supplemental Insurance Amount (SIA):** The amount of life insurance coverage provided by the policy is composed of the policy's basic coverage together with any coverage you elect from the SIA, an optional rider available only at issue. A policy that combines basic coverage with a SIA may be more economical than coverage that consists of only basic coverage. In deciding whether to add coverage from the SIA, there are several factors to consider:

- The current expense charge of the SIA is generally less than that of the basic coverage.
- The charge for cost of insurance rates are currently the same for basic coverage and the SIA, but could be changed in the future to be different from each other.
- The coverage provided by the SIA cannot exceed 80% of the Total Face Amount.
- Unlike basic coverage, the SIA coverage is not eligible for the benefits provided by the Charitable Giving Benefit Rider.
- SIA coverage ends at age 121.

Your Producer can provide you with additional illustrations showing the effects of different proportions of Specified Face Amount and SIA coverage to help you make your decision.

# Sun Life Assurance Company of Canada

## An Illustration of Sun Executive UL Life Insurance (2009)

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<b>Client Name</b>	: Sample Client	<b>Specified Face Amount:</b>	\$5,000,000
<b>Age/Sex/Class</b>	: 50/Male/Preferred Non-Tobacco	<b>Death Benefit Option:</b>	C to A in Year 11
<b>First Payment</b>	: \$278,169.00	<b>Premium Frequency:</b>	Annual

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### TAX BENEFITS OF LIFE INSURANCE:

**Taxation of Distribution from the Policy:** The Technical and Miscellaneous Revenue Act (TAMRA) of 1988 classifies certain policies as Modified Endowment Contracts (MEC). Distributions from these policies in the form of policy loans and certain partial withdrawals are taxed differently from policies that are not MEC's and may also be subject to an IRS 10% penalty tax. The initial annual 7-pay premium for this policy is \$278,169.08. Based on the assumptions used in this illustration, the policy would not become a MEC.

The following applies whether or not the policy is classified as a MEC.

If you surrender your policy for its cash surrender value or allow your policy to lapse, there may be an amount that is taxable. This will depend on the relation of the cumulative premium outlay to the cash surrender value received plus any untaxed prior policy loans and partial withdrawals. Also under certain conditions, a portion or all of any annual policy loan or partial withdrawal may be subject to taxation.

**IRC Life Insurance Test:** IRC section 7702(a) provides a test to determine whether a Life Insurance policy will maintain the specific tax benefits of life insurance. This illustration uses the Cash Value Accumulation Test.

# Sun Life Assurance Company of Canada

## An Illustration of Sun Executive UL Life Insurance (2009)

**Client Name** : Sample Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$278,169.00

**Specified Face Amount:** \$5,000,000  
**Death Benefit Option:** C to A in Year 11  
**Premium Frequency:** Annual

### Numeric Summary

The summary below has been prepared using three sets of interest rates and COI charges.

		Guaranteed	Non Guaranteed		
		Interest Rates:	Midpoint	Current	
		Year 1 Years 2 - 71	5.30% 3.00%	5.30% 4.15% 5.30%	
	Premium Outlay	COI Charges	Guaranteed Rate	Midpoint*	Current
Year 5	\$278,169	Cumulative Net Outlay Cash Surrender Value Death Benefit	\$1,390,845 \$1,076,027 \$6,390,845	\$1,390,845 \$1,210,319 \$6,390,845	\$1,390,845 \$1,428,478 \$6,390,845
Year 10	\$278,169	Cumulative Net Outlay Cash Surrender Value Death Benefit	\$2,781,690 \$2,299,527 \$7,781,690	\$2,781,690 \$2,695,461 \$7,781,690	\$2,781,690 \$3,123,012 \$7,781,690
Year 20	\$0	Cumulative Net Outlay Cash Surrender Value Death Benefit	\$1,813,556 \$726,287 \$6,813,556	\$1,813,556 \$1,960,785 \$6,813,556	\$1,813,556 \$3,348,095 \$6,813,556
Age 70	\$0	Cumulative Net Outlay Cash Surrender Value Death Benefit	\$1,813,556 \$726,287 \$6,813,556	\$1,813,556 \$1,960,785 \$6,813,556	\$1,813,556 \$3,348,095 \$6,813,556
		Year Coverage Ceases:	Year 25 (Age 75)	Year 34 (Age 84)	Age 121

\*The Midpoint charges equal one-half the sum of (Current + Guaranteed) charges.

I have received a copy of this illustration and understand that this illustration assumes that currently illustrated non-guaranteed elements will continue unchanged for all years shown. This is not likely to occur and actual results may be more or less favorable than those shown.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Applicant's Signature

I have informed the applicant or policyowner that this illustration assumes that the currently illustrated non-guaranteed elements will continue unchanged for all years shown. This is not likely to occur, and actual results may be more or less favorable than those shown.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sales Representative's Signature



# Sun Life Assurance Company of Canada

## An Illustration of Sun Executive UL Life Insurance (2009)

**Client Name** : Sample Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$278,169.00

**Specified Face Amount:** \$5,000,000  
**Death Benefit Option:** C to A in Year 11  
**Premium Frequency:** Annual

Year	Age	Premium Outlay	Net Annual Outlay	Guaranteed Basis		Basis #1		Basis #2		Death Benefit	
				Cash Surrender Value	Death Benefit	Cash Surrender Value	Death Benefit	Cash Surrender Value	Death Benefit		
26	76	0	0			3,212,402	3,212,402	6,813,556	4,297,859	4,297,859	6,813,556
27	77	0	0			3,285,946	3,285,946	6,813,556	4,481,345	4,481,345	6,813,556
28	78	0	0			3,357,138	3,357,138	6,813,556	4,673,555	4,673,555	6,813,556
29	79	0	0			3,425,346	3,425,346	6,813,556	4,875,433	4,875,433	6,813,556
30	80	0	0			3,489,715	3,489,715	6,813,556	5,087,431	5,087,431	6,950,806
31	81	0	0			3,549,155	3,549,155	6,813,556	5,308,020	5,308,020	7,123,674
32	82	0	0			3,602,401	3,602,401	6,813,556	5,536,055	5,536,055	7,303,969
33	83	0	0			3,648,264	3,648,264	6,813,556	5,771,640	5,771,640	7,492,618
34	84	0	0			3,684,960	3,684,960	6,813,556	6,014,710	6,014,710	7,688,680
35	85	0	0			3,709,497	3,709,497	6,813,556	6,264,769	6,264,769	7,891,265
36	86	0	0			3,722,259	3,722,259	6,813,556	6,523,221	6,523,221	8,102,444
37	87	0	0			3,720,258	3,720,258	6,813,556	6,789,909	6,789,909	8,322,724
38	88	0	0			3,700,707	3,700,707	6,813,556	7,065,035	7,065,035	8,552,948
39	89	0	0			3,659,916	3,659,916	6,813,556	7,348,673	7,348,673	8,793,577
40	90	0	0			3,593,319	3,593,319	6,813,556	7,640,914	7,640,914	9,044,778
41	91	0	0			3,499,915	3,499,915	6,813,556	7,943,751	7,943,751	9,308,603
42	92	0	0			3,375,919	3,375,919	6,813,556	8,258,287	8,258,287	9,585,645
43	93	0	0			3,214,592	3,214,592	6,813,556	8,585,265	8,585,265	9,872,810
44	94	0	0			3,007,451	3,007,451	6,813,556	8,925,747	8,925,747	10,169,035
45	95	0	0			2,743,878	2,743,878	6,813,556	9,281,324	9,281,324	10,472,961
46	96	0	0			2,410,338	2,410,338	6,813,556	9,654,381	9,654,381	10,782,243
47	97	0	0			1,990,752	1,990,752	6,813,556	10,048,921	10,048,921	11,093,029
48	98	0	0			1,462,931	1,462,931	6,813,556	10,471,344	10,471,344	11,394,709
49	99	0	0			797,615	797,615	6,813,556	10,932,294	10,932,294	11,674,063
50	100	0	0			0	0	0	11,450,069	11,450,069	11,908,072
51	101	0	0						12,056,861	12,056,861	12,056,861
52	102	0	0						12,695,813	12,695,813	12,695,813
53	103	0	0						13,368,629	13,368,629	13,368,629
54	104	0	0						14,077,105	14,077,105	14,077,105
55	105	0	0						14,823,130	14,823,130	14,823,130
56	106	0	0						15,608,694	15,608,694	15,608,694
57	107	0	0						16,435,893	16,435,893	16,435,893
58	108	0	0						17,306,934	17,306,934	17,306,934
59	109	0	0						18,224,139	18,224,139	18,224,139
60	110	0	0						19,189,957	19,189,957	19,189,957
61	111	0	0						20,206,963	20,206,963	20,206,963
62	112	0	0						21,277,870	21,277,870	21,277,870
63	113	0	0						22,405,536	22,405,536	22,405,536
64	114	0	0						23,592,967	23,592,967	23,592,967
65	115	0	0						24,843,333	24,843,333	24,843,333
<b>Total</b>		<b>2,781,690</b>	<b>1,813,556</b>								

# Sun Life Assurance Company of Canada

## An Illustration of Sun Executive UL Life Insurance (2009)

**Client Name** : Sample Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$278,169.00

**Specified Face Amount:** \$5,000,000  
**Death Benefit Option:** C to A in Year 11  
**Premium Frequency:** Annual

Year	Age	Premium Outlay	Net Annual Outlay	<u>Guaranteed Basis</u>		<u>Basis #1</u>		<u>Basis #2</u>		Death Benefit
				Surrender Value	Death Benefit	Account Value	Surrender Value	Death Benefit	Account Value	
66	116	0	0					26,159,968	26,159,968	26,159,968
67	117	0	0					27,546,385	27,546,385	27,546,385
68	118	0	0					29,006,281	29,006,281	29,006,281
69	119	0	0					30,543,552	30,543,552	30,543,552
70	120	0	0					32,162,299	32,162,299	32,162,299
71	121	0	0					33,866,839	33,866,839	33,866,839
<b>Total</b>		<b>2,781,690</b>	<b>1,813,556</b>							

# Sun Life Assurance Company of Canada

## An Illustration of Sun Executive UL Life Insurance (2009)

**Client Name** : Sample Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$278,169.00

**Specified Face Amount:** \$5,000,000  
**Death Benefit Option:** C to A in Year 11  
**Premium Frequency:** Annual

### Cash Flow Summary

Year	Age	Annualized Premium Outlay	Annual Partial Surrender	Annual Loan	Annual Loan Interest	Net Annual Outlay	Cumulative Net Annual Outlay
1	51	278,169	0	0	0	278,169	278,169
2	52	278,169	0	0	0	278,169	556,338
3	53	278,169	0	0	0	278,169	834,507
4	54	278,169	0	0	0	278,169	1,112,676
5	55	278,169	0	0	0	278,169	1,390,845
<b>Total</b>		<b>1,390,845</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,390,845</b>	
6	56	278,169	0	0	0	278,169	1,669,014
7	57	278,169	0	0	0	278,169	1,947,183
8	58	278,169	0	0	0	278,169	2,225,352
9	59	278,169	0	0	0	278,169	2,503,521
10	60	278,169	0	0	0	278,169	2,781,690
<b>Total</b>		<b>2,781,690</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,781,690</b>	
11	61	0	968,134	0	0	-968,134	1,813,556
12	62	0	0	0	0	0	1,813,556
13	63	0	0	0	0	0	1,813,556
14	64	0	0	0	0	0	1,813,556
15	65	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	
16	66	0	0	0	0	0	1,813,556
17	67	0	0	0	0	0	1,813,556
18	68	0	0	0	0	0	1,813,556
19	69	0	0	0	0	0	1,813,556
20	70	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	
21	71	0	0	0	0	0	1,813,556
22	72	0	0	0	0	0	1,813,556
23	73	0	0	0	0	0	1,813,556
24	74	0	0	0	0	0	1,813,556
25	75	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	
26	76	0	0	0	0	0	1,813,556
27	77	0	0	0	0	0	1,813,556
28	78	0	0	0	0	0	1,813,556
29	79	0	0	0	0	0	1,813,556
30	80	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	
31	81	0	0	0	0	0	1,813,556
32	82	0	0	0	0	0	1,813,556
33	83	0	0	0	0	0	1,813,556
34	84	0	0	0	0	0	1,813,556
35	85	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	

# Sun Life Assurance Company of Canada

## An Illustration of Sun Executive UL Life Insurance (2009)

**Client Name** : Sample Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$278,169.00

**Specified Face Amount:** \$5,000,000  
**Death Benefit Option:** C to A in Year 11  
**Premium Frequency:** Annual

### Cash Flow Summary

Year	Age	Annualized Premium Outlay	Annual Partial Surrender	Annual Loan	Annual Loan Interest	Net Annual Outlay	Cumulative Net Annual Outlay
36	86	0	0	0	0	0	1,813,556
37	87	0	0	0	0	0	1,813,556
38	88	0	0	0	0	0	1,813,556
39	89	0	0	0	0	0	1,813,556
40	90	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	
41	91	0	0	0	0	0	1,813,556
42	92	0	0	0	0	0	1,813,556
43	93	0	0	0	0	0	1,813,556
44	94	0	0	0	0	0	1,813,556
45	95	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	
46	96	0	0	0	0	0	1,813,556
47	97	0	0	0	0	0	1,813,556
48	98	0	0	0	0	0	1,813,556
49	99	0	0	0	0	0	1,813,556
50	100	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	
51	101	0	0	0	0	0	1,813,556
52	102	0	0	0	0	0	1,813,556
53	103	0	0	0	0	0	1,813,556
54	104	0	0	0	0	0	1,813,556
55	105	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	
56	106	0	0	0	0	0	1,813,556
57	107	0	0	0	0	0	1,813,556
58	108	0	0	0	0	0	1,813,556
59	109	0	0	0	0	0	1,813,556
60	110	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	
61	111	0	0	0	0	0	1,813,556
62	112	0	0	0	0	0	1,813,556
63	113	0	0	0	0	0	1,813,556
64	114	0	0	0	0	0	1,813,556
65	115	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	
66	116	0	0	0	0	0	1,813,556
67	117	0	0	0	0	0	1,813,556
68	118	0	0	0	0	0	1,813,556
69	119	0	0	0	0	0	1,813,556
70	120	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	
71	121	0	0	0	0	0	1,813,556
<b>Total</b>		<b>2,781,690</b>	<b>968,134</b>	<b>0</b>	<b>0</b>	<b>1,813,556</b>	