

# *An Executive Bonus Plan*



**Prepared for Mr. 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)

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<b>Client Name</b>	: Mr. Client	<b>Specified Face Amount:</b>	\$1,000,000
<b>Age/Sex/Class</b>	: 50/Male/Preferred Non-Tobacco	<b>Death Benefit Option:</b>	A (Level)
<b>First Payment</b>	: \$47,290.00	<b>Premium Frequency:</b>	Annual

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## Executive Bonus Plan

### Keep the People Who Matter Most

As an employer, you probably have - or need - one or several key employees who make a significant contribution to your company's success. In today's competitive job market, it is necessary to provide more than the traditional benefits to keep or hire the people who can make a difference in your business.

A bonus plan is one of the few fringe benefits that an employer can offer selectively and still receive a tax deduction for. As a business owner, a bonus plan may also be a great way to use company dollars to provide an additional benefit for your own needs.

Bonus plans provide a solution to these needs. They are easy to implement, leaving you more time for your top priority - *running your business*.

### What is a *Bonus Plan*?

A bonus plan is a way to provide an additional benefit of life insurance for selected key employees. As a benefit, it can also help you attract top level people to your company. By offering a bonus plan, you can use tax-deductible dollars to meet an individual employee's life insurance needs. The cost to the employee may be minimal or non-existent, depending upon the type of bonus plan you choose.

### Two Types of Bonus Plans

**Executive Bonus Plans** give you the opportunity to compensate key employees by having the business pay the premiums for a life insurance policy that the employee owns.

**Restrictive Executive Bonus Arrangements (REBA)** provides the same benefits as executive bonus plans, with one additional feature. You and your key employee agree that he or she will have restricted access to the policy cash value, and may not take certain actions related to the policy without your written consent.

**Special Note:** When considering a restrictive executive bonus arrangement, careful planning is necessary to avoid potentially adverse ERISA implications for the employer, such as reporting, disclosure and other ERISA regulatory requirements. There may be additional tax consequences under IRC §§61 and 83 and the Final Split Dollar Regulations. Please consult with your own tax advisor regarding application of this concept to any particular situation.

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### Implementing a Bonus Plan - *Funded With Life Insurance?*

**Executive Bonus Plans** are easy to implement. It is an arrangement in which the employer bonuses the key employee the premium due on a life insurance policy purchased by the employee. The employer can pay the premium directly to the insurance company (and W-2 the employee), or the bonus can be paid in cash to the employee.

**Restrictive Executive Bonus Arrangements** are also easy to implement, but require a few additional steps:

A Restrictive Executive Bonus plan agreement must be executed between the employer and the key employee. This agreement provides the plan details. It should be drafted by counsel and must be signed by both parties.

The key employee must also complete a Modification of Ownership Rights form, which is submitted with the application for life insurance. The modification form restricts the employee from surrendering the policy, taking policy loans or making withdrawals of policy values without the written consent of the employer. The restriction is for a limited time. The expiration date of the restriction will generally be the earlier of:

- Termination of employment or retirement
- A specified date in the agreement
- Documented cessation of the business

If a variable life insurance policy is applied for, a special modification form must be submitted in which the employee voluntarily restricts his/her own rights to the policy for a specified period of time.

Modification of Ownership Rights and bonus plan agreement specimen documents are available for the consideration of legal counsel upon request.

### Summary of Documentation Required

	Executive Bonus	Restrictive Executive Bonus
Life Insurance Application	Yes	Yes
Corporate Resolution*	Yes	Yes
Bonus Agreement	No	Yes
Modification of Ownership Rights Form	No	Yes

\* Recommended but not required.

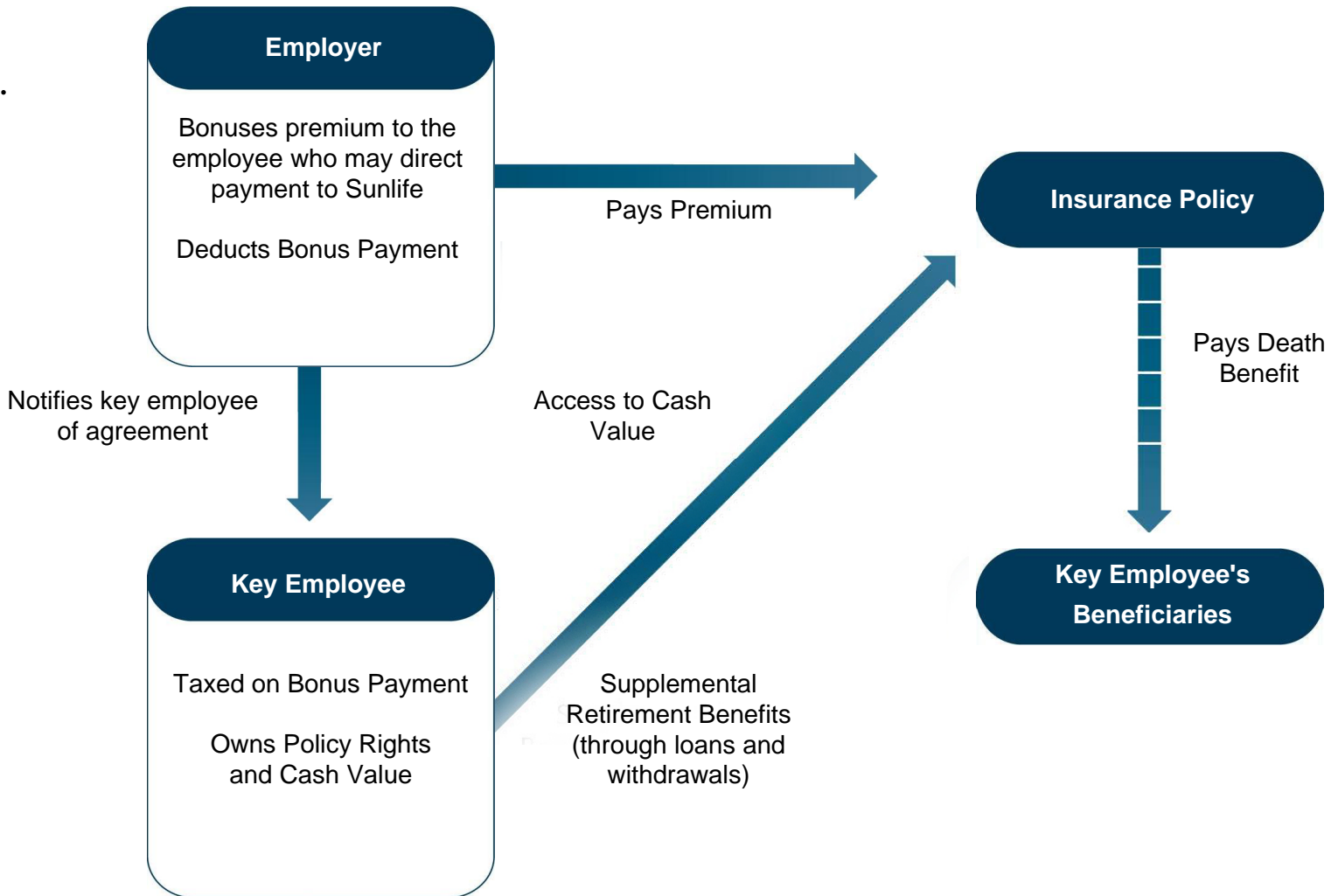
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**Sun Life Assurance Company of Canada**  
**An Illustration of Sun Executive UL Life Insurance (2009)**

**Client Name** : Mr. Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$47,290.00

**Specified Face Amount:** \$1,000,000  
**Death Benefit Option:** A (Level)  
**Premium Frequency:** Annual

**A Section 162 Executive Bonus Plan**  
*Single Bonus - How it works*



- ∅ The employer notifies the employee of its intention to provide a life insurance policy for the employee through the use of an executive bonus arrangement.
- ∅ The employee owns and has full ownership rights in the policy and names the beneficiary(ies). The employer pays the premiums on the life insurance policy as part of a taxable bonus to the employee.
- ∅ The employee's out-of-pocket cost is limited to the income tax due on the bonused amount and the employer receives a tax deduction for that particular year.<sup>1</sup>
- ∅ The employee may access the cash value of the life insurance policy through withdrawals and loans.<sup>2</sup>
- ∅ At the employee's death, the life insurance proceeds are paid to the employee's heirs, generally income tax free./Stylerun>

<sup>1</sup> The deductibility of the executive bonus is subject to the reasonable compensation limits in IRC Code Section 162(a).

<sup>2</sup> Access to cash values is through policy loans or withdrawals. Policy loans and withdrawals may reduce the death benefit of the policy and may be subject to Federal Income taxes.

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*Executive Bonus Plan - Funded with Life Insurance?*

***Benefits to the Employer***

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

**Selectivity:** - You decide who to benefit.

**Simplicity:** - Bonus plans are easy to implement; the expense and paperwork required for qualified plan filing and reporting is avoided.

**Flexibility:** - You decide how much to bonus on behalf of each employee.

**Tax deductibility:** - Bonus payments are deductible as long as compensation is a reasonable and ordinary business expense. (IRC § 162)

***Benefits to the Key Employee***

**Life insurance protection:** - Enables the employee to purchase life insurance protection at little or no cost.

**Ownership:** - The employee has full ownership of the life insurance policy and the right to name a beneficiary (ies).

**Portability:** - Because the employee owns the policy.

**Tax advantages:** - Income tax-free death benefit and tax-deferred buildup of cash values.

**Supplemental retirement income:** - Cash values may be available to supplement retirement income.

**Important Tax Considerations**

There are a number of tax considerations to keep in mind when considering a bonus plan.

- Ø Bonus payments are deductible to the employer as long as compensation is reasonable. (IRC § 162)
- Ø Any bonus paid to the employee is taxable as ordinary income in the year paid. The bonus is also subject to Social Security (FICA) and Federal Unemployment Tax (FUTA)
- Ø Death benefits are received income tax-free by the employee's beneficiaries when properly structured.

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### Executive Bonus Plan Supplemental Illustration

Employer Tax Bracket: 34.00%

Executive Tax Bracket: 35.00%

Yr	Age	Employer			Employee					
		Premium	Bonus Paid	Net After-Tax Outlay	A/T Bonus Received	Plan Contribution	Net Outlay	Net Cash Surrender Value	After-tax Retirement Income	Death Benefit
1	51	47,290	47,290	31,211	30,739	47,290	16,552	46,214	0	1,000,000
2	52	47,290	47,290	31,211	30,739	47,290	16,552	93,522	0	1,000,000
3	53	47,290	47,290	31,211	30,739	47,290	16,552	142,053	0	1,000,000
4	54	47,290	47,290	31,211	30,739	47,290	16,552	191,715	0	1,000,000
5	55	47,290	47,290	31,211	30,739	47,290	16,552	242,199	0	1,000,000
6	56	47,290	47,290	31,211	30,739	47,290	16,552	292,733	0	1,000,000
7	57	47,290	47,290	31,211	30,739	47,290	16,552	340,487	0	1,000,000
8	58	47,290	47,290	31,211	30,739	47,290	16,552	401,074	0	1,000,000
9	59	47,290	47,290	31,211	30,739	47,290	16,552	464,876	0	1,056,449
10	60	47,290	47,290	31,211	30,739	47,290	16,552	531,763	0	1,173,572
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>312,114</b>	<b>307,385</b>	<b>472,900</b>	<b>165,515</b>		<b>0</b>	
11	61	0	0	0	0	0	0	557,744	0	1,195,740
12	62	0	0	0	0	0	0	584,858	0	1,218,522
13	63	0	0	0	0	0	0	613,266	0	1,242,354
14	64	0	0	0	0	0	0	643,034	0	1,267,455
15	65	0	0	0	0	0	0	674,146	0	1,293,772
16	66	0	0	0	0	0	-46,496	657,908	46,496	1,230,139
17	67	0	0	0	0	0	-46,496	640,767	46,496	1,167,982
18	68	0	0	0	0	0	-46,496	622,716	46,496	1,107,102
19	69	0	0	0	0	0	-46,496	603,726	46,496	1,047,290
20	70	0	0	0	0	0	-46,496	583,755	46,496	988,448
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>312,114</b>	<b>307,385</b>	<b>472,900</b>	<b>-66,965</b>		<b>232,480</b>	
21	71	0	0	0	0	0	-46,496	562,006	46,496	929,153
22	72	0	0	0	0	0	-46,496	539,133	46,496	870,635
23	73	0	0	0	0	0	-46,496	515,099	46,496	812,844
24	74	0	0	0	0	0	-46,496	489,854	46,496	755,920
25	75	0	0	0	0	0	-46,496	463,335	46,496	699,636
26	76	0	0	0	0	0	-46,496	435,227	46,496	662,425
27	77	0	0	0	0	0	-46,496	405,332	46,496	626,807
28	78	0	0	0	0	0	-46,496	373,547	46,496	588,669
29	79	0	0	0	0	0	-46,496	339,761	46,496	548,028
30	80	0	0	0	0	0	-46,496	303,849	46,496	504,897
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>312,114</b>	<b>307,385</b>	<b>472,900</b>	<b>-531,925</b>		<b>697,440</b>	

This illustration assumes that the currently illustrated nonguaranteed elements of interest rates, COI charges and expense charges will continue unchanged for all years shown. This will not occur and actual results will be more or less favorable than illustrated. The nonguaranteed elements will change over time and are dependent on the company's investment, mortality and expense experience. This illustration must be accompanied by a basic illustration with the same date and premium outlay as this illustration. Please refer to the basic illustration for additional information, including guaranteed policy values.

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### Executive Bonus Plan Supplemental Illustration

Employer Tax Bracket: 34.00%

Executive Tax Bracket: 35.00%

Yr	Age	Employer			Employee					
		Premium	Bonus Paid	Net After-Tax Outlay	A/T Bonus Received	Plan Contribution	Net Outlay	Net Cash Surrender Value	After-tax Retirement Income	Death Benefit
31	81	0	0	0	0	0	-46,496	265,675	46,496	459,271
32	82	0	0	0	0	0	-46,496	225,093	46,496	411,045
33	83	0	0	0	0	0	-46,496	181,968	46,496	360,211
34	84	0	0	0	0	0	-46,496	136,141	46,496	306,555
35	85	0	0	0	0	0	-46,496	87,405	46,496	249,866
36	86	0	0	0	0	0	0	84,696	0	239,440
37	87	0	0	0	0	0	0	81,453	0	228,772
38	88	0	0	0	0	0	0	77,641	0	217,883
39	89	0	0	0	0	0	0	73,218	0	206,749
40	90	0	0	0	0	0	0	68,137	0	195,320
<b>Total</b>		<u>472,900</u>	<u>472,900</u>	<u>312,114</u>	<u>307,385</u>	<u>472,900</u>	<u>-764,405</u>		<u>929,920</u>	
41	91	0	0	0	0	0	0	62,524	0	183,711
42	92	0	0	0	0	0	0	56,414	0	171,900
43	93	0	0	0	0	0	0	49,805	0	159,548
44	94	0	0	0	0	0	0	42,717	0	146,509
45	95	0	0	0	0	0	0	35,210	0	132,620
46	96	0	0	0	0	0	0	27,398	0	117,655
47	97	0	0	0	0	0	0	19,510	0	101,288
48	98	0	0	0	0	0	0	11,943	0	82,710
49	99	0	0	0	0	0	0	5,384	0	61,001
50	100	0	0	0	0	0	0	1,038	0	34,628
<b>Total</b>		<u>472,900</u>	<u>472,900</u>	<u>312,114</u>	<u>307,385</u>	<u>472,900</u>	<u>-764,405</u>		<u>929,920</u>	

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## Executive Bonus Summary

Following is a summary of the benefits of Executive Bonus using life insurance, based on the assumptions in the accompanying illustration.

Retirement Age: 65

Age to Start Cash Value Distributions\*: 65

### EMPLOYER

Bonuses Paid Over 10 Years:	\$472,900
Tax Savings (34%):	\$160,786
Total Cost:	\$312,114

### EXECUTIVE

Premiums Paid Over 10 Years:	\$472,900
Bonuses Received:	\$472,900
Tax Incurred (35%):	\$165,515
Total Cost:	\$165,515

### CASH VALUE DISTRIBUTION

Available Net Cash Surrender Value at Age 65:	\$674,146
Annual Cash Value Distributions for 20 Years:	\$46,496
Total Cash Value Distributions:	\$929,920
Cash Value at Age 100:	\$1,038

### DEATH BENEFIT

Year 1 Death Benefit:	\$1,000,000
Available Death Benefit at Age 65:	\$1,293,772
Available Death Benefit at Age 100:	\$34,628

### EXECUTIVE INTERNAL RATE OF RETURN

IRR at Age 100:	9.58%
Pre-Tax Equivalent IRR at Age 100:	14.74%

The life insurance policy values are based on the assumptions illustrated in the accompanying illustration. These values are not guaranteed. The values are hypothetical and may not be used to project or predict investment results.

Loans and withdrawals will reduce the policy's death benefit and available cash values.

The tax rates illustrated are assumptions based on information furnished by the employer and executive about their respective federal (and state, if included) income tax rates. The actual tax rates experienced at any time may be more or less than those illustrated.

\*The policyowner must request all distributions from the company.

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### Executive Summary Supplemental Illustration

Employer Tax Bracket: 34.00%

Executive Tax Bracket: 35.00%

Yr	Age	Net Outlay	Net Cash Surrender Value	IRR Surrender Value	Death Benefit	IRR Death Benefit	IRR Death Benefit Pre-Tax
1	51	16,552	46,214	179.21%	1,000,000	5941.75%	9141.15%
2	52	16,552	93,522	92.91%	1,000,000	628.89%	967.53%
3	53	16,552	142,053	62.71%	1,000,000	253.97%	390.72%
4	54	16,552	191,715	47.46%	1,000,000	146.47%	225.34%
5	55	16,552	242,199	38.23%	1,000,000	98.76%	151.94%
6	56	16,552	292,733	31.98%	1,000,000	72.56%	111.64%
7	57	16,552	340,487	27.27%	1,000,000	56.27%	86.56%
8	58	16,552	401,074	24.48%	1,000,000	45.26%	69.63%
9	59	16,552	464,876	22.30%	1,056,449	38.49%	59.21%
10	60	16,552	531,763	20.54%	1,173,572	34.32%	52.80%
<b>Total</b>		<b>165,515</b>					
11	61	0	557,744	18.43%	1,195,740	30.05%	46.22%
12	62	0	584,858	16.80%	1,218,522	26.71%	41.09%
13	63	0	613,266	15.51%	1,242,354	24.04%	36.99%
14	64	0	643,034	14.46%	1,267,455	21.87%	33.65%
15	65	0	674,146	13.59%	1,293,772	20.08%	30.90%
16	66	-46,496	657,908	12.91%	1,230,139	18.33%	28.20%
17	67	-46,496	640,767	12.37%	1,167,982	16.90%	26.00%
18	68	-46,496	622,716	11.93%	1,107,102	15.72%	24.18%
19	69	-46,496	603,726	11.57%	1,047,290	14.74%	22.68%
20	70	-46,496	583,755	11.27%	988,448	13.93%	21.42%
<b>Total</b>		<b>-66,965</b>					
21	71	-46,496	562,006	11.02%	929,153	13.23%	20.36%
22	72	-46,496	539,133	10.80%	870,635	12.65%	19.46%
23	73	-46,496	515,099	10.62%	812,844	12.15%	18.70%
24	74	-46,496	489,854	10.47%	755,920	11.74%	18.05%
25	75	-46,496	463,335	10.34%	699,636	11.38%	17.51%
26	76	-46,496	435,227	10.23%	662,425	11.15%	17.15%
27	77	-46,496	405,332	10.14%	626,807	10.96%	16.86%
28	78	-46,496	373,547	10.05%	588,669	10.79%	16.60%
29	79	-46,496	339,761	9.99%	548,028	10.64%	16.37%
30	80	-46,496	303,849	9.93%	504,897	10.51%	16.17%
<b>Total</b>		<b>-531,925</b>					

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31	81	-46,496	265,675	9.88%	459,271	10.40%	15.99%
32	82	-46,496	225,093	9.84%	411,045	10.30%	15.84%
33	83	-46,496	181,968	9.80%	360,211	10.21%	15.70%
34	84	-46,496	136,141	9.77%	306,555	10.13%	15.59%
35	85	-46,496	87,405	9.75%	249,866	10.07%	15.49%
36	86	0	84,696	9.73%	239,440	10.01%	15.39%
37	87	0	81,453	9.71%	228,772	9.95%	15.31%
38	88	0	77,641	9.69%	217,883	9.90%	15.24%
39	89	0	73,218	9.67%	206,749	9.86%	15.17%
40	90	0	68,137	9.66%	195,320	9.82%	15.11%
<b>Total</b>		<b>-764,405</b>					
41	91	0	62,524	9.64%	183,711	9.79%	15.06%
42	92	0	56,414	9.63%	171,900	9.76%	15.01%
43	93	0	49,805	9.62%	159,548	9.73%	14.96%
44	94	0	42,717	9.61%	146,509	9.70%	14.93%
45	95	0	35,210	9.60%	132,620	9.68%	14.89%
46	96	0	27,398	9.59%	117,655	9.66%	14.86%
47	97	0	19,510	9.58%	101,288	9.64%	14.83%
48	98	0	11,943	9.57%	82,710	9.62%	14.80%
49	99	0	5,384	9.57%	61,001	9.60%	14.77%
50	100	0	1,038	9.57%	34,628	9.58%	14.74%
<b>Total</b>		<b>-764,405</b>					
51	101	-34,628	0	9.58%	0	9.58%	14.74%
<b>Total</b>		<b>-799,033</b>					

This illustration assumes that the currently illustrated nonguaranteed elements of interest rates, COI charges and expense charges will continue unchanged for all years shown. This will not occur and actual results will be more or less favorable than illustrated. The nonguaranteed elements will change over time and are dependent on the company's investment, mortality and expense experience. This illustration must be accompanied by a basic illustration with the same date and premium outlay as this illustration. Please refer to the basic illustration for additional information, including guaranteed policy values.

**This Supplemental Illustration is not valid unless accompanied by the Basic Life Insurance Illustration dated 11/23/2009 which includes both Guaranteed and Non-Guaranteed elements and other important information about the Life Insurance Policy.**

Date Prepared: 11/23/2009 2:04 PM  
Software Version 2.8.1

Texas  
Form #UL-SCOLI-07 CVAT NonGI

# Sun Life Assurance Company of Canada

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

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<b>Client Name</b>	: Mr. Client	<b>Specified Face Amount:</b>	\$1,000,000
<b>Age/Sex/Class</b>	: 50/Male/Preferred Non-Tobacco	<b>Death Benefit Option:</b>	A (Level)
<b>First Payment</b>	: \$47,290.00	<b>Premium Frequency:</b>	Annual

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### 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)**

<b>Client Name</b>	: Mr. Client	<b>Specified Face Amount:</b>	\$1,000,000
<b>Age/Sex/Class</b>	: 50/Male/Preferred Non-Tobacco	<b>Death Benefit Option:</b>	A (Level)
<b>First Payment</b>	: \$47,290.00	<b>Premium Frequency:</b>	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 \$1,000,000, and the illustration is based on Death Benefit Option A (level).

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

**Client Name** : Mr. Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$47,290.00

**Specified Face Amount:** \$1,000,000  
**Death Benefit Option:** A (Level)  
**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>	: Mr. Client	<b>Specified Face Amount:</b>	\$1,000,000
<b>Age/Sex/Class</b>	: 50/Male/Preferred Non-Tobacco	<b>Death Benefit Option:</b>	A (Level)
<b>First Payment</b>	: \$47,290.00	<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 \$55,633.82. 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)

<b>Client Name</b>	: Mr. Client	<b>Specified Face Amount:</b>	\$1,000,000
<b>Age/Sex/Class</b>	: 50/Male/Preferred Non-Tobacco	<b>Death Benefit Option:</b>	A (Level)
<b>First Payment</b>	: \$47,290.00	<b>Premium Frequency:</b>	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% 4.15%	5.30% 5.30%	
	Premium Outlay	COI Charges	Guaranteed Rate	Midpoint*	Current
Year 5	\$47,290	Cumulative Net Outlay Cash Surrender Value Death Benefit	\$236,450 \$180,351 \$1,000,000	\$236,450 \$203,894 \$1,000,000	\$236,450 \$242,199 \$1,000,000
Year 10	\$47,290	Cumulative Net Outlay Cash Surrender Value Death Benefit	\$472,900 \$395,000 \$1,000,000	\$472,900 \$460,931 \$1,017,249	\$472,900 \$531,763 \$1,173,572
Year 20	\$0	Cumulative Net Outlay Cash Surrender Value Death Benefit	\$240,420 \$165,845 \$767,520	\$240,420 \$368,724 \$767,520	\$240,420 \$583,755 \$988,448
Age 70	\$0	Cumulative Net Outlay Cash Surrender Value Death Benefit	\$240,420 \$165,845 \$767,520	\$240,420 \$368,724 \$767,520	\$240,420 \$583,755 \$988,448
		Year Coverage Ceases:	Year 23 (Age 73)	Year 28 (Age 78)	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** : Mr. Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$47,290.00

**Specified Face Amount:** \$1,000,000  
**Death Benefit Option:** A (Level)  
**Premium Frequency:** Annual

Year	Age	Premium Outlay	Net Annual Outlay	<u>Guaranteed Basis</u>		<u>Basis #1</u>			<u>Basis #2</u>		
				Cash Surrender Value	Death Benefit	Account Value	Cash Surrender Value	Death Benefit	Account Value	Cash Surrender Value	Death Benefit
26	76	0	-46,496			301,722	262,009	487,387	474,940	435,227	662,425
27	77	0	-46,496			309,501	220,706	438,305	494,127	405,332	626,807
28	78	0	-46,496			316,695	177,345	387,750	512,896	373,547	588,669
29	79	0	-46,496			323,227	131,806	335,679	531,182	339,761	548,028
30	80	0	-46,496			329,007	83,953	282,045	548,904	303,849	504,897
31	81	0	-46,496			333,923	33,626	226,803	565,972	265,675	459,271
32	82	0	-46,496			0	0	0	582,290	225,093	411,045
33	83	0	-46,496						597,772	181,968	360,211
34	84	0	-46,496						612,310	136,141	306,555
35	85	0	-46,496						625,750	87,405	249,866
36	86	0	0						639,191	84,696	239,440
37	87	0	0						652,582	81,453	228,772
38	88	0	0						665,905	77,641	217,883
39	89	0	0						679,129	73,218	206,749
40	90	0	0						692,226	68,137	195,320
41	91	0	0						705,336	62,524	183,711
42	92	0	0						718,510	56,414	171,900
43	93	0	0						731,764	49,805	159,548
44	94	0	0						745,135	42,717	146,509
45	95	0	0						758,700	35,210	132,620
46	96	0	0						772,592	27,398	117,655
47	97	0	0						787,061	19,510	101,288
48	98	0	0						802,520	11,943	82,710
49	99	0	0						819,679	5,384	61,001
50	100	0	0						839,761	1,038	34,628
51	101	0	0						864,916	1,031	1,031
52	102	0	0						890,825	1,024	1,024
53	103	0	0						917,512	1,016	1,016
54	104	0	0						944,999	1,009	1,009
55	105	0	0						973,311	1,000	1,000
56	106	0	0						1,002,471	992	992
57	107	0	0						1,032,506	983	983
58	108	0	0						1,063,442	973	973
59	109	0	0						1,095,306	963	963
60	110	0	0						1,128,126	952	952
61	111	0	0						1,161,930	941	941
62	112	0	0						1,196,748	929	929
63	113	0	0						1,232,610	916	916
64	114	0	0						1,269,548	903	903
65	115	0	0						1,307,593	889	889
<b>Total</b>		<b>472,900</b>	<b>-457,020</b>								

# Sun Life Assurance Company of Canada

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

**Client Name** : Mr. Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$47,290.00

**Specified Face Amount:** \$1,000,000  
**Death Benefit Option:** A (Level)  
**Premium Frequency:** Annual

Year	Age	Premium Outlay	Net Annual Outlay	<u>Guaranteed Basis</u>		<u>Basis #1</u>		<u>Basis #2</u>		Death Benefit
				Cash Surrender Value	Death Benefit	Account Value	Cash Surrender Value	Account Value	Cash Surrender Value	
66	116	0	0					1,346,780	875	875
67	117	0	0					1,387,141	860	860
68	118	0	0					1,428,714	843	843
69	119	0	0					1,471,533	826	826
70	120	0	0					1,515,636	809	809
71	121	0	0					1,561,062	790	790
<b>Total</b>		<b>472,900</b>	<b>-457,020</b>							

# Sun Life Assurance Company of Canada

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

**Client Name** : Mr. Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$47,290.00

**Specified Face Amount:** \$1,000,000  
**Death Benefit Option:** A (Level)  
**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	47,290	0	0	0	47,290	47,290
2	52	47,290	0	0	0	47,290	94,580
3	53	47,290	0	0	0	47,290	141,870
4	54	47,290	0	0	0	47,290	189,160
5	55	47,290	0	0	0	47,290	236,450
<b>Total</b>		<b>236,450</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>236,450</b>	
6	56	47,290	0	0	0	47,290	283,740
7	57	47,290	0	0	0	47,290	331,030
8	58	47,290	0	0	0	47,290	378,320
9	59	47,290	0	0	0	47,290	425,610
10	60	47,290	0	0	0	47,290	472,900
<b>Total</b>		<b>472,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>472,900</b>	
11	61	0	0	0	0	0	472,900
12	62	0	0	0	0	0	472,900
13	63	0	0	0	0	0	472,900
14	64	0	0	0	0	0	472,900
15	65	0	0	0	0	0	472,900
<b>Total</b>		<b>472,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>472,900</b>	
16	66	0	46,496	0	0	-46,496	426,404
17	67	0	46,496	0	0	-46,496	379,908
18	68	0	46,496	0	0	-46,496	333,412
19	69	0	46,496	0	0	-46,496	286,916
20	70	0	46,496	0	0	-46,496	240,420
<b>Total</b>		<b>472,900</b>	<b>232,480</b>	<b>0</b>	<b>0</b>	<b>240,420</b>	
21	71	0	46,496	0	0	-46,496	193,924
22	72	0	46,496	0	0	-46,496	147,428
23	73	0	46,496	0	0	-46,496	100,932
24	74	0	46,496	0	0	-46,496	54,436
25	75	0	46,496	0	0	-46,496	7,940
<b>Total</b>		<b>472,900</b>	<b>464,960</b>	<b>0</b>	<b>0</b>	<b>7,940</b>	
26	76	0	7,940	38,556	0	-46,496	-38,556
27	77	0	0	47,653	1,157	-46,496	-85,052
28	78	0	0	49,082	2,586	-46,496	-131,548
29	79	0	0	50,555	4,059	-46,496	-178,044
30	80	0	0	52,071	5,575	-46,496	-224,540
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>237,917</b>	<b>13,377</b>	<b>-224,540</b>	
31	81	0	0	53,634	7,138	-46,496	-271,036
32	82	0	0	55,243	8,747	-46,496	-317,532
33	83	0	0	56,900	10,404	-46,496	-364,028
34	84	0	0	58,607	12,111	-46,496	-410,524
35	85	0	0	60,365	13,869	-46,496	-457,020
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>522,665</b>	<b>65,645</b>	<b>-457,020</b>	

# Sun Life Assurance Company of Canada

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

**Client Name** : Mr. Client  
**Age/Sex/Class** : 50/Male/Preferred Non-Tobacco  
**First Payment** : \$47,290.00

**Specified Face Amount:** \$1,000,000  
**Death Benefit Option:** A (Level)  
**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	15,680	15,680	0	-457,020
37	87	0	0	16,150	16,150	0	-457,020
38	88	0	0	16,635	16,635	0	-457,020
39	89	0	0	17,134	17,134	0	-457,020
40	90	0	0	17,648	17,648	0	-457,020
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>605,912</b>	<b>148,892</b>	<b>-457,020</b>	
41	91	0	0	18,177	18,177	0	-457,020
42	92	0	0	18,723	18,723	0	-457,020
43	93	0	0	19,284	19,284	0	-457,020
44	94	0	0	19,863	19,863	0	-457,020
45	95	0	0	20,459	20,459	0	-457,020
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>702,418</b>	<b>245,398</b>	<b>-457,020</b>	
46	96	0	0	21,073	21,073	0	-457,020
47	97	0	0	21,705	21,705	0	-457,020
48	98	0	0	22,356	22,356	0	-457,020
49	99	0	0	23,027	23,027	0	-457,020
50	100	0	0	23,717	23,717	0	-457,020
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>814,294</b>	<b>357,274</b>	<b>-457,020</b>	
51	101	0	0	24,429	24,429	0	-457,020
52	102	0	0	25,162	25,162	0	-457,020
53	103	0	0	25,917	25,917	0	-457,020
54	104	0	0	26,694	26,694	0	-457,020
55	105	0	0	27,495	27,495	0	-457,020
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>943,990</b>	<b>486,970</b>	<b>-457,020</b>	
56	106	0	0	28,320	28,320	0	-457,020
57	107	0	0	29,169	29,169	0	-457,020
58	108	0	0	30,044	30,044	0	-457,020
59	109	0	0	30,946	30,946	0	-457,020
60	110	0	0	31,874	31,874	0	-457,020
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>1,094,344</b>	<b>637,324</b>	<b>-457,020</b>	
61	111	0	0	32,830	32,830	0	-457,020
62	112	0	0	33,815	33,815	0	-457,020
63	113	0	0	34,830	34,830	0	-457,020
64	114	0	0	35,875	35,875	0	-457,020
65	115	0	0	36,951	36,951	0	-457,020
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>1,268,644</b>	<b>811,624</b>	<b>-457,020</b>	
66	116	0	0	38,059	38,059	0	-457,020
67	117	0	0	39,201	39,201	0	-457,020
68	118	0	0	40,377	40,377	0	-457,020
69	119	0	0	41,588	41,588	0	-457,020
70	120	0	0	42,836	42,836	0	-457,020
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>1,470,706</b>	<b>1,013,686</b>	<b>-457,020</b>	
71	121	0	0	44,121	44,121	0	-457,020
<b>Total</b>		<b>472,900</b>	<b>472,900</b>	<b>1,514,828</b>	<b>1,057,808</b>	<b>-457,020</b>	