

*SunSolutions for Life*<sup>SM</sup>

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## Annuity Max

### *Deferred Annuity Analysis and Life Insurance Alternative*

Prepared for  
Valued Client

Prepared by  
Producer

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**Annuity Max**  
**Deferred Annuity Analysis and Life Insurance Alternative**  
Sun Universal Protector (2009)

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<b>Client Name:</b>	Valued Client	<b>Specified Face Amount:</b>	\$1,188,672
<b>Sex/Age/Class:</b>	Female/70/Preferred NonTobacco	<b>First Year Premium:</b>	\$26,028

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**Important Information About this Analysis**

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This analysis compares the income and estate tax impact on a deferred annuity versus using all or a portion of your current annuity's values for the purchase of life insurance. The purpose of this analysis is to offer you an alternative plan that may increase the percentage of your estate that passes to your heirs. It is intended as an estate planning option for an existing deferred annuity and is not a recommendation to purchase an immediate annuity to fund the purchase of life insurance. This information is for general education of producers and contains references to concepts that have significant legal, accounting, and tax implications. It is not intended as legal, accounting or tax advice. Clients should consult with their own tax advisor regarding the application of these concepts to any particular situation.

Illustrated annuity growth rates are purely hypothetical and do not imply that the illustrated earnings can be actually achieved.

The various estate planning alternatives illustrated are based on the assumptions and data provided by the client. The accuracy of this data will enhance the value of the analysis.

This analysis illustrates a hypothetical annuity payout to fund premiums on a life insurance policy. This is not an annuity payment based on a Sun Life of Canada quote or based on a Sun Life of Canada product. Your actual payment may be more or less than illustrated. Since most annuity payout choices are irrevocable, you should consult with your legal, tax, and accounting advisors before you annuitize.

Withdrawals from annuity contracts are taxable events and, unless meeting an exception, withdrawals made prior to age 59 1/2 are subject to an additional 10% penalty. This analysis does not illustrate the effect of a tax penalty.\*

Deferred annuities are subject to investment risk, including possible loss of the principal amount invested.

\*Fees are not reflected in this illustration and would reduce the performance shown if they were.

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**Important Information About this Analysis**

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During your working years, your deferred annuity can be a valuable tool for tax-deferred accumulation of retirement funds and future income.

When your focus changes from retirement savings to estate planning, however, you may be concerned about the tax consequences of owning an annuity at death. You may also be concerned about how to best provide the funds necessary to meet estate liquidity needs.

If you are no longer relying on the future income your annuity could provide, you may want to consider strategies using your annuity to provide life insurance funding to help meet your estate planning objectives.

The following assumptions are used in this analysis to demonstrate how withdrawals or annuity payments from your deferred annuity could work to provide the payments for the proposed Sun Life insurance policy described in the accompanying illustration:

Current Annuity Value:	\$500,000
Annuity Cost Basis:	\$200,000
Future Hypothetical Annuity Earnings Rate:*	4.00%
Life Only Payment:	\$40,043
Assumed Income Tax Rate:	35.00%

\*Illustrated annuity growth rates are purely hypothetical and do not imply that the illustrated earnings can be used for tax purposes.

Gifts will be made to pay premiums. No gift tax is illustrated. Annual gift tax exclusions must be available to achieve this result.

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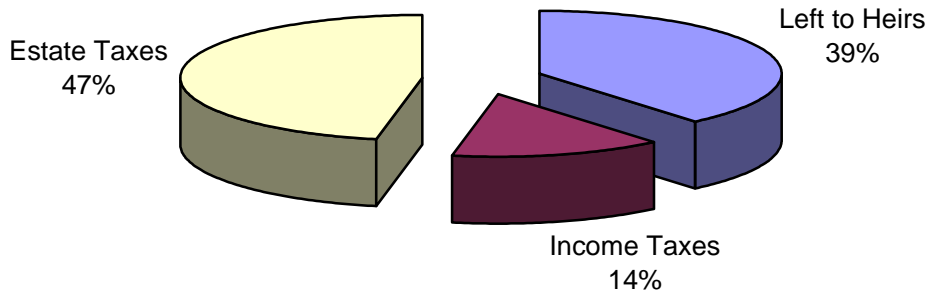
**An Example of How Taxes Erode Annuity Values Upon Death**

<u>Assumptions</u>			
Future Annuity Value:	\$740,121	Current Net Worth (Excluding Annuity):	\$5,000,000
Annuity Cost Basis:	\$200,000	Assumed Estate Growth Rate:	4.00%
Assumed Annuity Growth Rate:	4.00%	Assumed Income Tax Rate:	35.00%
Summary Year:	10		

<u>Taxes</u>	
Estate Tax Attributable to Annuity:*	\$345,225
Income Tax Attributable to Annuity:*	\$100,865
<b>Total Taxes Due on Annuity:</b>	<b>\$446,089</b>
 Balance of \$740,121 Left to Heirs:	 \$294,032

**Percent Lost to Taxes: 61%**

\*Results will vary depending on assumptions. The accuracy of this analysis will be enhanced by assumptions that reflect your situation. This analysis assumes the full Estate Tax Exclusion is available upon death. Income taxes reflect the deduction for Income in Respect of a Decedent (the IRD deduction).



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**I**  
**Analysis of Current Annuity Upon Death**

Based on current assumptions. Not guaranteed

It is assumed that your annuity remains in its current form with a hypothetical growth rate of 4%.

Tax calculations assume death occurs at the end of the indicated year.

The illustration assumes that the death benefit equals the market value of the annuity.

Year	Beginning Balance	Annual Earnings @ 4.00%	Ending Balance	Income Taxes Due*	Estate Taxes Due	Net to Heirs
1	\$500,000	\$20,000	\$520,000	\$91,357	\$95,842	\$332,801
2	\$520,000	\$20,800	\$540,800	\$119,280	\$0	\$421,520
3	\$540,800	\$21,632	\$562,432	\$71,031	\$247,495	\$243,906
4	\$562,432	\$22,497	\$584,929	\$74,870	\$259,869	\$250,190
5	\$584,929	\$23,397	\$608,326	\$78,840	\$272,737	\$256,749
6	\$608,326	\$24,333	\$632,659	\$82,946	\$286,120	\$263,593
7	\$632,659	\$25,306	\$657,965	\$87,195	\$300,039	\$270,731
8	\$657,965	\$26,319	\$684,284	\$91,593	\$314,514	\$278,177
9	\$684,284	\$27,371	\$711,655	\$96,147	\$329,568	\$285,939
10	\$711,655	\$28,466	\$740,121	\$100,865	\$345,225	\$294,032
11	\$740,121	\$29,605	\$769,726	\$105,753	\$361,507	\$302,466
12	\$769,726	\$30,789	\$800,515	\$110,818	\$378,441	\$311,256
13	\$800,515	\$32,021	\$832,536	\$116,069	\$396,053	\$320,414
14	\$832,536	\$33,301	\$865,837	\$121,514	\$414,368	\$329,954
15	\$865,837	\$34,633	\$900,470	\$126,844	\$434,580	\$339,045
16	\$900,470	\$36,019	\$936,489	\$132,203	\$456,192	\$348,094
17	\$936,489	\$37,460	\$973,949	\$137,751	\$478,668	\$357,530
18	\$973,949	\$38,958	\$1,012,907	\$143,498	\$502,043	\$367,367
19	\$1,012,907	\$40,516	\$1,053,423	\$149,451	\$526,352	\$377,620
20	\$1,053,423	\$42,137	\$1,095,560	\$155,620	\$551,634	\$388,305
21	\$1,095,560	\$43,822	\$1,139,382	\$162,015	\$577,928	\$399,439
22	\$1,139,382	\$45,575	\$1,184,957	\$168,645	\$605,273	\$411,039
23	\$1,184,957	\$47,398	\$1,232,355	\$175,521	\$633,711	\$423,122
24	\$1,232,355	\$49,294	\$1,281,649	\$182,653	\$663,288	\$435,708
25	\$1,281,649	\$51,266	\$1,332,915	\$190,053	\$694,047	\$448,815
26	\$1,332,915	\$53,317	\$1,386,232	\$197,730	\$726,038	\$462,464
27	\$1,386,232	\$55,449	\$1,441,681	\$205,699	\$759,307	\$476,675
28	\$1,441,681	\$57,667	\$1,499,348	\$213,969	\$793,907	\$491,471
29	\$1,499,348	\$59,974	\$1,559,322	\$222,556	\$829,892	\$506,875
30	\$1,559,322	\$62,373	\$1,621,695	\$232,650	\$863,472	\$525,574

The purpose of this illustration is to show how the performance of the underlying deferred annuity could effect its value and death benefit. This illustration is hypothetical and is not intended to serve as a projection or prediction of investment results. Fees such as mortality and expense charges are not reflected in the illustration and would reduce the earnings if they were included.

\*Income taxes reflect deduction for the Income in Respect of a Decedent (the "IRD" deduction).

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**II**

**Annuity Alternative - Total After Tax Proceeds Left to Heirs With Life Insurance**

Based on current assumptions. Not guaranteed

Year	Gross Annuity Payout	Tax on Annuity Payout	Net Annuity Payout	Amount Gifted to ILIT (Insurance Outlay)	Net Spendable Income	Insurance Death Benefit	Total to Heirs
1	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
2	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
3	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
4	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
5	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
6	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
7	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
8	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
9	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
10	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
11	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
12	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
13	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
14	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
15	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
16	\$40,043	\$9,640	\$30,403	\$26,028	\$4,375	\$1,188,672	\$1,188,672
17	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
18	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
19	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
20	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
21	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
22	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
23	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
24	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
25	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
26	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
27	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
28	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
29	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672
30	\$40,043	\$14,015	\$26,028	\$26,028	\$0	\$1,188,672	\$1,188,672

The purpose of this hypothetical illustration is to show how the systematic use of proceeds from an annuity, net of income taxes, can be used to purchase life insurance. In addition, it shows the amount left to heirs including the life insurance death benefit and any remaining proceeds from the annuity reduced by estate and income taxes.

Unless otherwise noted all values shown assume that current, non-guaranteed interest crediting rates, mortality and expense charges will continue unchanged for all years. This will not occur and actual results will be more or less favorable than illustrated. Annual outlays may differ from those illustrated, especially where zeros are shown, and your actual out-of-pocket payments may extend well beyond the number of years illustrated.

This presentation is not complete without a matching basic life insurance illustration which includes guaranteed policy values. These materials are not a contract and will not become part of any policy issued by Sun Life Assurance Company of Canada.

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III

## Comparison of After Tax Proceeds Left to Heirs

Based on current assumptions. Not guaranteed

Year	Annuity Alternative Proceeds to Heirs	Current Annuity Proceeds to Heirs	New Approach Advantage
1	\$1,188,672	\$332,801	\$855,871
2	\$1,188,672	\$421,520	\$767,152
3	\$1,188,672	\$243,906	\$944,766
4	\$1,188,672	\$250,190	\$938,482
5	\$1,188,672	\$256,749	\$931,923
6	\$1,188,672	\$263,593	\$925,079
7	\$1,188,672	\$270,731	\$917,941
8	\$1,188,672	\$278,177	\$910,495
9	\$1,188,672	\$285,939	\$902,733
10	\$1,188,672	\$294,032	\$894,640
11	\$1,188,672	\$302,466	\$886,206
12	\$1,188,672	\$311,256	\$877,416
13	\$1,188,672	\$320,414	\$868,258
14	\$1,188,672	\$329,954	\$858,718
15	\$1,188,672	\$339,045	\$849,627
16	\$1,188,672	\$348,094	\$840,578
17	\$1,188,672	\$357,530	\$831,142
18	\$1,188,672	\$367,367	\$821,305
19	\$1,188,672	\$377,620	\$811,052
20	\$1,188,672	\$388,305	\$800,367
21	\$1,188,672	\$399,439	\$789,233
22	\$1,188,672	\$411,039	\$777,633
23	\$1,188,672	\$423,122	\$765,550
24	\$1,188,672	\$435,708	\$752,964
25	\$1,188,672	\$448,815	\$739,857
26	\$1,188,672	\$462,464	\$726,208
27	\$1,188,672	\$476,675	\$711,997
28	\$1,188,672	\$491,471	\$697,201
29	\$1,188,672	\$506,875	\$681,797
30	\$1,188,672	\$525,574	\$663,098

The purpose of this illustration is to show how the performance of the underlying accounts could affect the value of the account and death benefit. This illustration is hypothetical and is not intended to serve as a projection or prediction of earnings results. Fees such as surrender charges are not reflected in the illustration and would reduce the performance if they were.

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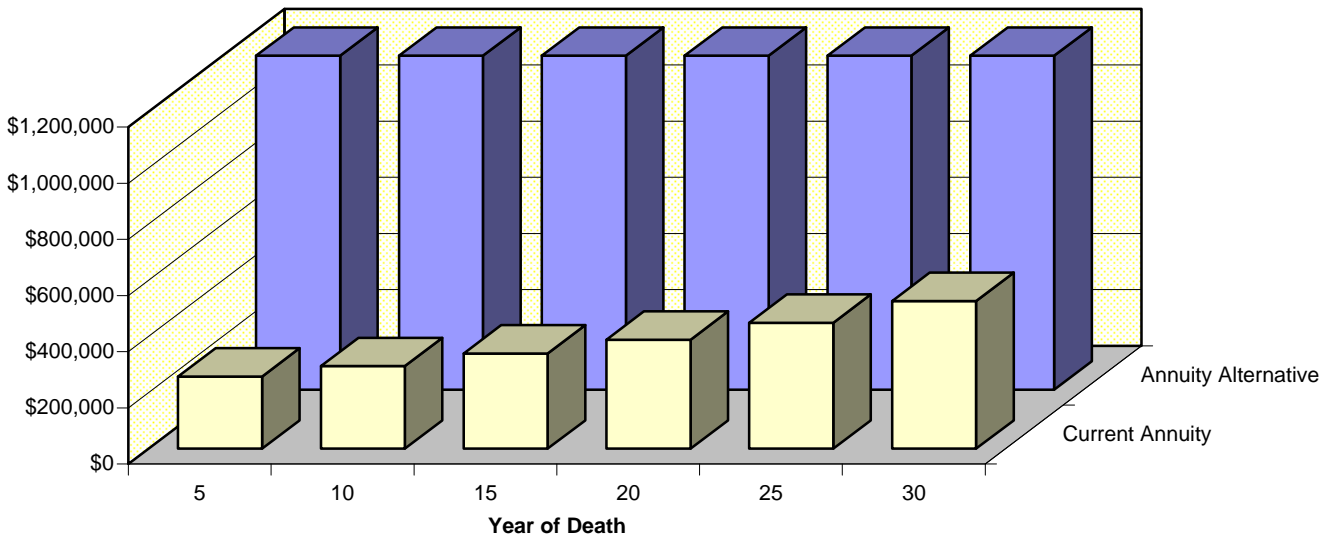
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**Comparison of After Tax Proceeds Left to Heirs**

Based on current assumptions, not guaranteed



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