

Sun Life Milestone Target Date Segregated Funds closure and asset transfer

Action may be required!

- **If you take action:** You may choose to transfer money to any other fund(s) offered in your plan by the date of change below.
- **If you do not take action:** If you do not make an election by the date of change below, Sun Life will automatically transfer your money from the closing funds to the replacement options listed below.

[Employer name] regularly reviews your workplace savings plan(s). After a recent review, [employer name] is making the following change to your plan(s). The change better matches [employer name's] objectives for your plan(s).

Fund changes on [insert date]

Closing Funds	FMF	Replacement Options	FMF
Sun Life Milestone 2030		Sun Life Guaranteed Daily Interest Account (GDIA)	
Sun Life Milestone 2035		[replacement 2035 Fund]	
Sun Life Milestone 2040		[replacement 2040 Fund]	
Sun Life Milestone 2045		[replacement 2045 Fund]	
Sun Life Milestone 2050		[replacement 2050 Fund]	
Sun Life Milestone 2055		[replacement 2055 Fund]	
Sun Life Milestone 2060		[replacement 2060 Fund]	

Rationale for the fund change

The **Sun Life Milestone Target Date Segregated Funds (Milestone Funds)** offer the unique Guaranteed Maturity Value (GMV) feature. To offer the GMV, the Milestone Funds must hold a significantly lower allocation to equities and a significantly higher allocation to bonds compared to the traditional Target Date Funds (TDFs) without the GMV, such as the [chosen TDFs] listed above. The lower equity and higher bonds allocations in the Milestone Funds limit their long-term growth relative to the traditional TDFs. The lower expected growth may affect your ability to save enough money for retirement, particularly if you are still far from retirement. As long as equities outperform bonds over the term to maturity, the Milestone Funds will not provide better savings outcomes relative to traditional TDFs.

It's important to note that there is no insurance aspect to the GMV. The Milestone Funds simply hold the adequate amount of (zero-coupon) government bonds until they mature.

You can see the Milestone Funds' value and GMV on mysunlife.ca -> **Plan overview** -> **View available investments** -> **Rates of return and unit value** -> **Sun Life Financial Milestone Fund Values section.**

Comparing the closing funds and replacement options

The Milestone Funds currently available in your plan(s) invest in Canadian government bonds and a global equity fund. The asset mix ranges from 36% equity/64% bonds (Milestone 2060) to 10% equity/90% bonds (Milestone 2030).

[Select the paragraph that corresponds to the selected replacement funds – Choose one series and remove others]

The **BlackRock LifePath Target Date Segregated Funds** (“LifePath Funds”) are more diversified than the Milestone Funds. They invest in passive funds in the following asset types:

- Equities (Canadian, US, International, Emerging Markets)
- Bonds (Canadian and US)
- Alternative assets (listed real estate, commodities and infrastructure)

The asset mix ranges from 100% equity (LifePath 2070) to 40% equity/60% bonds (LifePath Retirement).

The **MFS LifePlan Target Date Segregated Funds** (“LifePlan Funds”) are more diversified than the Milestone Funds. They invest in active funds in the following asset types:

- Equities (Canadian and Global)
- Bonds (Canadian and Global)
- Alternative assets (listed global real estate)

The asset mix ranges from 100% equity (LifePlan 2065) to 29% equity/71% bonds (LifePlan Retiree).

The **Sun Life Granite Index+ Target Date funds** (“Granite Index+ Funds”) are more diversified than the Milestone Funds. They invest primarily in passive funds in the following asset types:

- Equities (Canadian, US, International, Emerging Markets)
- Bonds (Canadian and US)
- Alternative assets (commodities)

They also invest in active funds in private alternative assets (the “+” components), such as private fixed income, mortgages and global direct real estate.

The asset mix ranges from 93% equity/7% bonds (Granite Index+ 2065) to 41.5% equity/58.5% bonds (Granite Index+ Retirement). The equity allocation includes the “+” components and commodities.

The **Sun Life Granite Target Date Funds** (“Granite Funds”) are more diversified than the Milestone Funds. They invest in both passive and active funds in the following asset types:

- Equities (Canadian, US, International, Global, Emerging Markets)
- Bonds (Canadian, US, Global, Specialty (private fixed income, mortgages, high yield, Emerging Markets))
- Alternative assets (listed and direct real estate, listed and direct infrastructure, liquid alternatives)

The asset mix ranges from 93% equity/7% bonds (Granite 2065) to 41.5% equity/58.5% bonds (Granite Retirement). The equity allocation includes the alternative assets.

The **Sun Life Granite Multi Risk Target Date Funds** (“Granite Multi Risk Funds”) are more diversified than the Milestone Funds. They invest in both passive and active funds in the following asset types:

- Equities (Canadian, US, International, Global, Emerging Markets)

- Bonds (Canadian, US, Global, Specialty (private fixed income, mortgages, high yield, Emerging Markets))
- Alternative assets (listed and direct real estate, listed and direct infrastructure, liquid alternatives)

The asset mixes are:

- Conservative funds: ranges from 92% equity/8% bonds (Granite Conservative 2065) to 35% equity/65% bonds (Granite Conservative Retirement).
- Moderate funds: ranges from 93% equity/7% bonds (Granite Moderate 2065) to 41.5% equity/58.5% bonds (Granite Moderate Retirement).
- Aggressive funds: ranges from 96% equity/4% bonds (Granite Aggressive 2065) to 48% equity/52% bonds (Granite Aggressive Retirement).

The equity allocations include the alternative assets.

The **TD Greystone Target Date Plus Funds** ("TD Greystone Funds") are more diversified than the Milestone Funds. They invest in active funds in the following asset types:

- Equities (Canadian, Global, Emerging Markets)
- Bonds (Canadian and Global)
- Alternative assets (Canadian and global real estate, global infrastructure, commercial mortgages).

The TD Greystone Funds each invest 20-25% in alternatives.

The asset mix ranges from 73% equity/6% bonds/21% alternative assets (TD Greystone 2065) to 37% equity/37% bonds/26% alternative assets (TD Greystone Retirement).

The **Fidelity ClearPath Active Target Date Funds** ("ClearPath Active Funds") are more diversified than the Milestone Funds. They invest primarily in active funds in the following asset types:

- Equities (Canadian, US, International, Emerging Markets)
- Bonds (Canadian, US, Global)
- Alternative assets (listed commodities)

The ClearPath Active Funds have a "through retirement" glidepath, where the asset mix of the funds will continue to change after retirement (age 65). The asset mix will stop changing when you reach the age of 84. The asset mix ranges from 96% equity/4% bonds (ClearPath Active 2065) to 27% equity/70% bonds/3% commodities (ClearPath Active Income).

The **Fidelity ClearPath Blend Target Date Funds** ("ClearPath Blend Funds") are more diversified than the Milestone Funds. They invest in both passive and active funds in the following asset types:

- Equities (Canadian, US, International, Emerging Markets)
- Bonds (Canadian, US, Global)
- Alternative assets (listed commodities, direct Canadian real estate)

The ClearPath Blend Funds have a "through retirement" glidepath, where the asset mix of the funds will continue to change after retirement (age 65). The asset mix will stop changing when you reach the age of 84. The asset mix ranges from 95.5% equity/4% bonds/0.5% alternatives (ClearPath Blend 2065) to 26.7% equity/69.8% bonds/3.5% alternatives (ClearPath Blend Income).

The **Fidelity ClearPath Index Plus Target Date Funds** ("ClearPath Index Plus Funds") are more diversified than the Milestone Funds. They invest in both passive and active funds in the following asset types:

- Equities (Canadian, US, International, Emerging Markets)

- Bonds (Canadian, US, Global)
- Alternative assets (direct Canadian real estate)

The ClearPath Index Plus Funds have a “through retirement” glidepath, where the asset mix of the funds will continue to change after retirement (age 65). The asset mix will stop changing when you reach the age of 84. The asset mix ranges from 95.5% equity/4% bonds/0.5% alternatives (ClearPath Index Plus 2065) to 26.7% equity/69.8% bonds/3.5% alternatives (ClearPath Index Plus Income).

[Only include if the funds are already available in the line-up]. The [TDF series name] is already available in your plan(s).

If the series is NOT available, then: The [TDF series name] will be available in your line-up on [date].

The higher equity allocation and more diversified exposures in the replacement TDFs provide you with the opportunity to get potentially higher returns and asset growth over time, especially if you are still far from retirement. In addition, the replacement funds have lower fees. When you pay lower fees, more of your hard-earned money stays invested and growing for you.

Replacement option for the Milestone 2030 fund [if GDIA is selected]

The Guaranteed Daily Interest Account (GDIA) is designed to protect your savings while providing modest daily interest. You can withdraw money from the GDIA any time (if your plan(s) allow withdrawals). The GDIA has no fund management fees (FMFs). The principal investment and any accumulated interest in the GDIA is guaranteed by Sun Life. In the unlikely event that Sun Life defaults on its obligations, eligible deposits in the GDIA are protected with coverage under Assuris (up to specific limit.) Information on the amount of coverage Assuris provides is available at assuris.ca > **Policyholder protection > How am I protected? > Segregated fund guarantee.**

Next steps if you have money in the Milestone Fund(s):

Option 1: If you want to move your money to other funds in your plan - Action required

Update your investment instructions and move your savings and/or future contributions to other funds in your plan before 4 p.m. ET on [insert date].

Option 2: If you prefer to have your money automatically moved to the replacement options - No action required

On [insert date], we'll move your money to the replacement options in the table above. This includes the money already in your account, plus any future contributions.

You'll see a transaction in your account showing that your money has moved from your current funds into the new funds. You won't have access to your investments online between 4 p.m. ET on [insert date] and 8 a.m. ET on [insert date] while Sun Life processes these changes. Once the changes are complete, you can view and/or update your investments if you wish.

This change will not result in a taxable capital gain or loss if your money is invested in a registered plan. **If your money is in a non-registered plan, the change may result in a taxable capital gain or loss.** You must report capital gains or losses in the year the change occurs.

Sun Life will provide the applicable tax slip(s) in early **2027**. The tax slip(s) will reflect all income from your Non-Registered investments.

For more information on how capital gains can occur in segregated funds within Non-Registered plans, please read the article [here](#). You can find your Adjusted Cost Base (ACB) on Plan Member Services website **mysunlife.ca** and selecting **Check on Account > Balances**.

Review your investments and investment mix

We encourage you to review your investment mix as a result of these changes. This can help you ensure that your investments continue to meet your investment objectives, risk level and time horizon. The most typical way to invest in a target date fund is to choose the retirement year which most closely matches your target retirement year.

More generally, completing our online **Asset allocation tool** can help you choose the right funds for you. See the last page for details on finding this tool on **mysunlife.ca**.

Through Morningstar® – a leading provider of investment news and analysis – you can track the performance of funds and access an overview of the funds in your plan, including fund objectives, risks, and how funds are invested.

If you're having trouble signing in, choose the appropriate link under Sign-In Help.

Questions?

Please contact Sun Life's Customer Care Centre any business day from 8 a.m. to 8 p.m. ET at 1-877-786-5433.

You also have access to one-to-one support through licensed consultants (in Quebec, registered as financial security advisers) dedicated to workplace savings plans at no additional cost through Sun Life's 360 Plan Advice. Click [here](#) for information about 360 Plan Advice.