

BCMA TERM LIFE INSURANCE PROGRAM NEW CONVERSION PROVISION FAQ

WHAT IS CONVERSION?

As a BCMA member, you may be eligible to convert your BCMA group Life term insurance coverage to a permanent individual Sun Life Financial policy.

WHAT IS A PERMANENT LIFE INSURANCE POLICY?

A term policy (such as BCMA Life insurance) generally provides you with the highest coverage amount for the lowest cost. Premiums for BCMA Life insurance slowly increase in 5 year age bands as rising income and inflation continue to make premiums affordable. Term insurance is designed to cover short-term needs like mortgage debt, loans, and income replacement for your family. As you age, your need for term insurance generally decreases as the family matures, loans are repaid, and savings increase. There is no benefit paid if you pass away after the earlier of the date you cancel coverage or age 75 when the BCMA Life insurance terminates.

With a permanent policy, the coverage stays in force as long as you pay the premiums. The death benefit can be designed to increase in value to keep pace with or exceed inflation. The death benefit is paid tax-free directly to your beneficiaries, bypassing the estate and probate, regardless of your age at death. Premiums can be level for life (they don't increase as you get older, even if your health changes), or they can increase with age, depending on the plan. Permanent insurance premiums tend to be higher than term insurance premiums when you are younger, but will be lower than term when you are older, depending on the type of plan you choose.

WHY WOULD I CONSIDER CONVERTING MY BCMA COVERAGE TO PERMANENT LIFE INSURANCE?

- You have medical issues that make it costly or impossible to obtain new insurance coverage.
- You want to buy and own coverage for life.
- You want to leave a benefit to your spouse if you pre-decease him or her.
- You want to leave a cash amount to cover funeral costs or terminal taxes at death, for estate planning, as a legacy to grandchildren or other relatives, or for charitable giving.
- You want a certain amount of your estate to bypass probate and pay tax-free directly to your beneficiaries at death.

WHO IS ELIGIBLE TO CONVERT UNDER THE NEW PROVISION?

Conversion is available to BCMA members and their spouses who:

- had to originally prove good health when they applied for their BCMA Life term insurance; and
- are between 21 and 70* years of age.

* For insureds who are between the ages of 70 and 75 as of January 1, 2012 AND who had insurance under the group policy prior to January 1, 2012, conversion is only available to the *Sun Lifetime Alternative* option.

Note:

- Sun Life determines the eligible permanent plans at the time of conversion;
- All conversions must meet product minimums and maximums;
- Available products and guidelines change from time to time.

HOW MUCH CAN BE CONVERTED?

Your full amount of BCMA Life term coverage up to the \$3 million policy maximum can be converted¹. The minimum and maximum total amount of coverage available will vary depending on the individual policy you choose.

HOW IS THE NEW CONVERSION PROVISION DIFFERENT FROM THE PREVIOUS PROVISION?

- The new conversion options will be much more comprehensive and cost-competitive.
- New conversion plan options will be available up to age 70 only. (Insureds between ages 70 and 75 as of January 1, 2012 can still exercise the previous option (*Sun Lifetime Alternative*)).
- The conversion maximum under the new provision will be up to the \$3 million BCMA Life term policy limit¹, compared with the \$200,000 - \$400,000 maximums under the previous provision.

WHAT TYPES OF PERMANENT POLICIES ARE AVAILABLE FOR CONVERSION?

Sun Life's current products include: *Sun Universal Life*, *Sun Limited Pay Universal Life*, *Sun Par Protector*, *Sun Par Accumulator* or *Sun Lifetime Alternative*. However, as the products can change at any time, please consult your BCMA Insurance Advisor for details.

Note:

- Coverage obtained without proof of good health (i.e. under a "non-evidence maximum" benefit) is eligible for conversion only to the *Sun Lifetime Alternative* option.

¹ if medically underwritten

WHICH TYPE OF PERMANENT POLICY IS BEST FOR ME?

Permanent Plan	Minimum Conversion	Features	Ideal For Those Who:
<i>Sun Universal Life</i>	\$50,000	<ul style="list-style-type: none"> flexible premiums and possibility to pay additional amounts to be invested in interest options within the policy interest options can range from guaranteed interest to market linked options 	<ul style="list-style-type: none"> want lowest cost policy with a guaranteed level death benefit or want flexibility in overfunding a policy to take advantage of interest option tax-advantaged growth
<i>Sun Limited Pay Universal Life</i>	\$25,000	<ul style="list-style-type: none"> guaranteed limited number of premium payments (10, 15, or 20 years) guaranteed cash surrender value if you cancel or reduce policy ability to pay additional amounts to be invested in interest options within the policy interest options can range from guaranteed interest to market linked options 	<ul style="list-style-type: none"> want to pay premiums for a limited number of years and be guaranteed policy will last until death want some guaranteed cash values if policy cancelled want ability to overfund the policy to take advantage of interest option tax-advantaged growth
<i>Sun Par Protector</i>	\$50,000	<ul style="list-style-type: none"> whole life participating coverage provides guaranteed cash values and non-guaranteed dividends portion of premiums automatically invested into participating account managed by insurer can be designed to be guaranteed to pay premiums in 20 years or pay premiums quicker using dividend growth guaranteed cash values typically start at year 5 policy has long-term growth in cash value and death benefit 	<ul style="list-style-type: none"> want guaranteed cash values and dividend growth to increase cash values and death benefit prefer to leave investment component to insurer to manage, rather than self-management can commit to paying premiums for certain period of time want to maximize long-term growth
<i>Sun Par Accumulator</i>	\$500,000	<ul style="list-style-type: none"> whole life participating coverage provides guarantee cash values and non-guaranteed dividends portion of premiums automatically invested into participating account managed by insurer can be designed to be guaranteed to pay premiums in 20 years or pay premiums quicker using dividend growth guaranteed cash values typically start at year 1 policy has slightly less long-term growth than <i>Sun Par Protector</i> plan 	<ul style="list-style-type: none"> want guaranteed cash values and dividend growth to increase cash values and death benefit prefer to leave investment component to insurer to manage, rather than self-management can commit to paying premiums for certain period of time want high early cash values
<i>Sun Lifetime Alternative</i>	\$2,000	<ul style="list-style-type: none"> premiums guaranteed for first 10 years with guaranteed maximum premium afterwards adjustable non-guaranteed cash values 	<ul style="list-style-type: none"> are over age 70 and want to convert to a permanent plan obtained coverage without proof of good health and want to convert to a permanent plan

WHAT IS THE COST OF PERMANENT LIFE INSURANCE?

The cost can range significantly depending on the type of permanent policy you choose to convert to. You will need to speak to your BCMA Insurance Advisor to get specifics on costs for you.

WHAT ARE THE PERMANENT LIFE INSURANCE RATES BASED ON?

Your rates will be based on:

- the type of plan you convert to;
- the amount of life insurance being converted;
- your gender;
- your smoking status, and
- your age at the time of conversion.

ARE THE WAIVER OF PREMIUM AND FUTURE INSURANCE OPTION RIDERS AVAILABLE ON CONVERTED PLANS?

No, these are available only under the BCMA Life term insurance policy.

WHAT IS THE PROCESS FOR CONVERTING MY PLAN?

- Contact the BCMA to ensure you meet the eligibility requirements shown above.
- Speak to a BCMA Insurance Advisor to obtain a quote.
- The Insurance Advisor will complete the application over the phone or in person.
- Sign the application and submit your first premium.

Conversion will be approved within approximately 60 days, assuming all the necessary requirements are met and documented in the application.

WHO DO I CONTACT TO ASK QUESTIONS OR APPLY FOR CONVERSION?

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