

STANDARD DEVIATION

of the Par DSIR



Elements that affect policyholder dividends

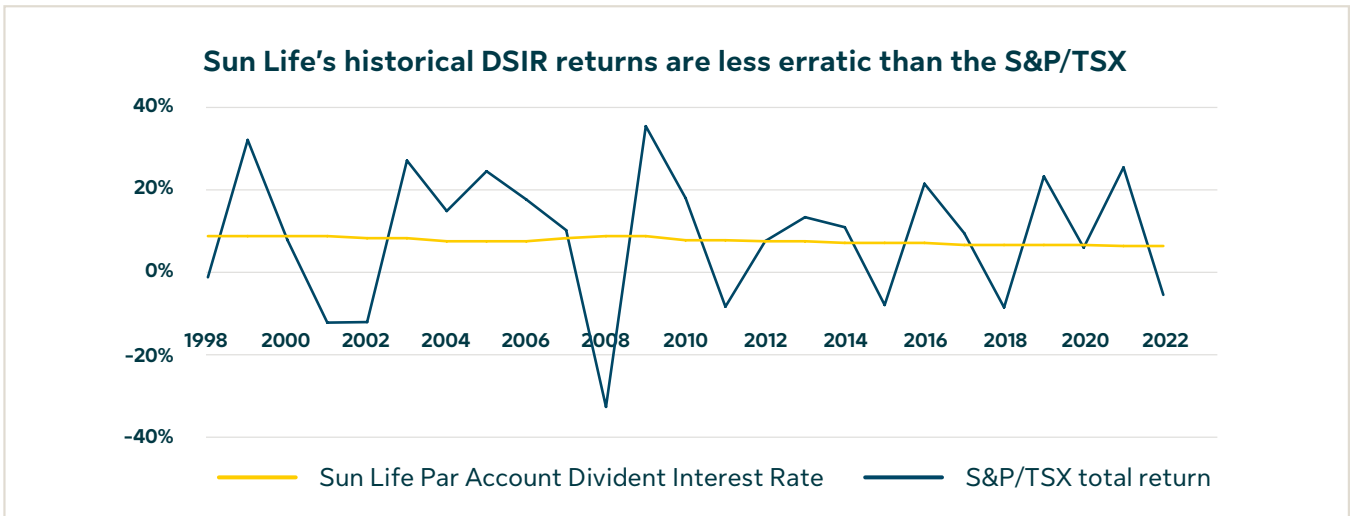
The dividend scale interest rate (DSIR) is influenced by the performance of the participating (Par) account investments which has the largest impact on the dividends available to policyholders. It is not the yield of the Par account. Sun Life sets it by looking at recent investment experience and our realistic expectations for returns in the near future. Unlike some other insurers, Sun Life applies the same DSIR to all Par policyholders, including those in the open and closed block.

Standard deviation

Standard deviation is how we measure the volatility of the DSIR over time. Although past performance does not guarantee future performance, an investment with a lower historical standard deviation is indicative of lower risk. This is because its returns have been more stable. Stability is important because it allows you to have confidence in the values that you illustrate.

Comparing Sun Life's low DSIR volatility to alternative investments

The DSIR of Sun Life's Par has historically experienced lower volatility in comparison to major benchmarks, including Par dividend scale returns from other Canadian insurers. Over the past 25 years, the standard deviation of Sun Life's DSIR was just 0.85%.



Government of Canada bond returns include the reinvestment of dividends. S&P/TSX composite total returns include the reinvestment of dividends. Five-year GIC returns are nominal yields to maturity taken from Statistics Canada CANSIM table 10-10-0122-01 and Consumer Price Index is taken from Statistics Canada Table 10-10-0145-01.



Compared to major benchmarks, Sun Life’s DSIR has experienced a lower long-term standard deviation

Time period	Sun Life DSIR	GOC 10 year bonds	S&P/TSX total return	Competitor X DSIR	Competitor Y DSIR	Competitor Z DSIR
20 years	0.74%	1.22%	16.11%	1.10%	0.78%	NA ¹
25 years	0.85%	1.52%	16.44%	1.33%	1.01%	NA ¹
30 years	0.94%	2.11%	16.14%	1.67%	1.39%	NA ¹

How Sun Life achieves low volatility in the DSIR

DSIR smoothing process

The DSIR is based on the smoothed returns of the assets backing the Par account liabilities. Sun Life amortizes gains and losses over time, which mitigates fluctuations in the market. This keeps the DSIR more stable over the long-term.

Large and diverse Par account asset mix

Sun Life is one of the largest Canadian-owned investment managers with over one trillion dollars of assets under management (2019). We also have a tenured investment management team. As a result, Sun Life is able to take advantage of its experience and capital-rich position in Canada to invest in areas that other investment management firms may not be able to access. For example, Sun Life has one of the largest private fixed income (PFI) teams in North America and holds a higher percentage of PFI than the Par accounts of all major competitors. Through diversification and the tactical inclusion of private assets, Sun Life’s Par account has achieved stability and attractive returns.

The low standard deviation shows that Clients can expect a long-term stable investment when using Sun Life Par for their life insurance needs.

Talk to your Sales Director about Sun Life’s participating life insurance solutions today.

¹ Competitor Z data is N/A because they don’t disclose their DSIR prior to 2018.

All values as of December 31, 2022.

We help. You grow.