

SUN LIFE FINANCIAL INC
Form 11-K
June 28, 2011

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 11-K

(MARK ONE)

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

OR

p TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO

Commission file number 001-15014

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

SUN ADVANTAGE
SAVINGS AND INVESTMENT PLAN
(Full title of the Plan)

One Sun Life Executive Park
Wellesley Hills, Massachusetts 02481
(Address of the Plan) (Zip Code)

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

SUN LIFE FINANCIAL INC.
(Name of the Issuer)

150 King Street, West, Suite 1400
Toronto, Ontario Canada M5H 1J9
(Address of the Issuer's Principal Executive Office) (Zip Code)

REQUIRED INFORMATION

The following financial statements shall be furnished for the plan:

Items 1-3. The audited statement of financial condition and the audited statement of income and changes in plan equity are omitted pursuant to Item 4 of Form 11-K.

Item 4. Financial statements and schedule prepared in accordance with the financial reporting requirements of ERISA:

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

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Note: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Plan Administrator and Participants of the
Sun Life Financial (U.S.) Services Company, Inc.
Sun Advantage Savings and Investment Plan
Wellesley Hills, Massachusetts

We have audited the accompanying statements of net assets available for benefits of the Sun Advantage Savings and Investment Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic 2010 financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2010 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. Such supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic 2010 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 2010 financial statements taken as a whole.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts

June 28, 2011

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2010 AND 2009

| | 2010 | 2009 |
|---|--------------------|--------------------|
| ASSETS: | | |
| Investments, at fair value: | | |
| Short-Term Investment Fund | \$ 449,825 | \$ 380,904 |
| Mutual funds | 261,816,671 | 208,130,083 |
| Vanguard Retirement Savings Trust II | 71,812,767 | 66,369,462 |
| Sun Life Financial Stock Fund | 9,807,152 | 8,170,897 |
| Assets held in Self-Managed Accounts | 5,342,133 | 3,354,577 |
| Total investments | 349,228,548 | 286,405,923 |
| Receivables: | | |
| Employer contributions receivable | 417,433 | 322,704 |
| Notes receivable from participants | 5,071,611 | 4,271,842 |
| Total receivables | 5,489,044 | 4,594,546 |
| NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE | | |
| | 354,717,592 | 291,000,469 |
| Adjustment from fair value to contract value for interest in fully benefit-responsive stable value fund | | |
| | (2,827,851) | (1,434,786) |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 351,889,741 | \$ 289,565,683 |

The accompanying notes are an integral part of these financial statements.

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEARS ENDED DECEMBER 31, 2010 AND 2009

| | 2010 | 2009 |
|---|----------------|----------------|
| ADDITIONS: | | |
| Investment Income: | | |
| Net appreciation in fair value of investments | \$ 31,103,962 | \$ 48,772,630 |
| Interest | 2,069,134 | 2,002,771 |
| Dividends | 4,823,818 | 4,160,282 |
| Total investment income | 37,996,914 | 54,935,683 |
| Interest earned on notes receivable from participants | 203,046 | 209,505 |
| Contributions: | | |
| Employer | 21,063,372 | 20,050,923 |
| Participants | 18,582,288 | 18,000,813 |
| Participant rollovers | 2,152,029 | 2,418,012 |
| Total contributions | 41,797,689 | 40,469,748 |
| DEDUCTIONS: | | |
| Benefits paid directly to participants | 17,673,591 | 17,842,120 |
| INCREASE IN NET ASSETS | 62,324,058 | 77,772,816 |
| NET ASSETS AVAILABLE FOR BENEFITS: | | |
| Beginning of year | 289,565,683 | 211,792,867 |
| End of year | \$ 351,889,741 | \$ 289,565,683 |

The accompanying notes are an integral part of these financial statements.

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009

1. DESCRIPTION OF THE PLAN

Effective December 31, 2009, the United States Employees' Sun Advantage Savings and Investment Plan changed its name to the Sun Advantage Savings and Investment Plan (the "Plan"). Also, effective December 31, 2009, the sponsor of the Plan was changed from Sun Life Assurance Company of Canada (U.S.) to Sun Life Financial (U.S.) Services Company, Inc. (the "Company" or the "Plan Sponsor").

The following brief description of the Plan is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan established for the benefit of the Company's U.S. employees and the U.S. employees of its affiliates that elected to become participating employers under the Plan. The purpose of the Plan is to permit eligible employees of the Company and participating employers to defer and receive employer-matching contributions in order to provide funds for employees in the event of death, disability, unemployment and retirement. Any employee, 21 years or older, is eligible to become a participant in the Plan as soon as administratively feasible after his or her first day of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

The Plan includes a Retirement Investment Account ("RIA") for the participants of the Plan, including certain participants of the Sun Life Financial (U.S.) Services Company, Inc. Retirement Income Plan ("Defined Benefit Plan") whose benefits under the Defined Benefit Plan were frozen as of December 31, 2005. The RIA participants of the Plan have additional employer contributions made to the Plan as discussed below.

Effective March 31, 2010, the Trustee of the Plan was changed from State Street Bank and Trust Company to ING National Trust.

Contributions - Once an employee becomes eligible to participate in the Plan, he or she may elect to become a participant in the 401(k) account by entering into a salary reduction agreement. The agreement provides that the participant agrees to accept a reduction in compensation in an amount equal to 1% to 60% of his or her compensation. In addition, participants who are age 50 and greater at the end of the calendar year can make up to \$5,500 in catch-up contributions. During 2009, the Plan adopted a feature allowing after-tax Roth contributions which can either replace or complement the 401(k) pre-tax contributions. Similar to 401(k) contributions, Roth contributions can be made in an amount equal to 1% to 60% of his or her compensation. Contributions are subject to certain Internal Revenue Code ("IRC") limitations. Participants also may contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

Participating employers contribute an amount equal to 50% of the first 6% of compensation that a participant contributes to the Plan.

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

1. DESCRIPTION OF THE PLAN (CONTINUED)

Contributions (continued)

The Company also contributes to the RIA a percentage of participant's eligible compensation as determined per the following chart based on the sum of the participant's age and service on January 1 of the applicable plan year—

| Age Plus Service | Company Contribution |
|------------------------------------|-------------------------|
| Less than 40 | 3% |
| At least 40 but less than 55 | 5% |
| At least 55 | 7% |

For RIA participants who are at least age 40 on January 1, 2006 and whose age plus service on January 1, 2006 equals or exceeds 45, the Company also contributes to the RIA from January 1, 2006 through December 31, 2015, a percentage of the participant's eligible compensation as determined per the following chart based on the participant's age and service on January 1, 2006 –

| Age | Service | |
|---------------------------------|----------------------|--------------------|
| | Less than 5 years | 5 or more years |
| At least 40 but less than 43 | 3.0% | 5.0% |
| At least 43 but less than 45 | 3.5% | 5.5% |
| At least 45 | 4.5% | 6.5% |

As of December 31, 2008, the Plan recorded a \$3,511,216 one time discretionary RIA contribution receivable from the Company. The contribution was paid into the Plan in March 2009.

Participant Accounts - Individual accounts are maintained for each Plan participant. Each participant's account is credited with the participant's contribution, the participating employer's matching contribution, and allocations of Plan earnings, and charged with an allocation of Plan losses and investment related expenses. Allocations are based on participant earnings or account balances, as defined in the Plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investments - Participants direct the investment of their contributions into various investment options offered by the Plan. Participant selections of one or more of the investment options

must be in multiples of 1%. Participating employer matching contributions are invested in accordance with participant investment allocations. The Plan currently offers many mutual funds, the Sun Life Financial Stock Fund (a party-in-interest), a self-managed account and a stable value fund as investment options for participants.

Vesting - Participants are vested immediately in their contributions plus actual earnings thereon. Vesting in the participating employer's contribution portion of their accounts is based on years of continuous service. A participant vests at the rate of 20% per year of credited service and is 100% vested after five years of credited service. A participant is fully vested in his or her share of the participating employer contributions upon retirement at normal retirement age or older, disability, or death, regardless of the length of service.

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

1. DESCRIPTION OF THE PLAN (CONTINUED)

Participant Loans - A participant may borrow up to 50% of his or her vested account balance with a minimum loan balance of \$1,000 and a maximum loan balance of \$50,000. Repayment is effected through payroll deductions over a period of one to five years for non-mortgage loans and over a period of one to fifteen years for mortgage loans. Loan repayments are credited against investments, as allocated in the participant's account. The loans are secured by the balance in the participant's account and bear interest at local prevailing rates at the time funds are borrowed. At December 31, 2010, interest rates range from 3.25% to 8.50%. Maturity dates are through December 31, 2025.

Payment of Benefits - The Plan provides for normal retirement benefits to be paid to participants who have reached the age of 65. If the participant's service with the participating employer terminates, other than by reason of retirement, the participant may elect to receive his or her distribution following his or her termination of employment. Distributions will be made in installments or in a lump sum, except if the participant's account balance is \$5,000 or less, in which case payment will be made only in a lump sum.

Forfeitures - In the event that a participant terminates service prior to completing five years with the participating employer, the nonvested portion of his or her account will be forfeited. At December 31, 2010 and 2009, forfeited amounts not yet allocated totaled \$73,005 and \$66,192, respectively. These accounts will be used to reduce future participating employer matching contributions. Employer contributions were reduced by \$1,034,655 and \$1,281,214 from forfeited nonvested accounts for the years ended December 31, 2010 and 2009, respectively.

2.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Plan are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates - The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.

Risks and Uncertainties - The Plan invests in various investment instruments, including mutual funds, a stable value fund, and a stock fund. Investment securities in general, are exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect the amounts reported in the financial statements.

Investment Valuation and Income Recognition - The Plan's investments are stated at fair value. Purchases and sales of securities are recorded on the trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Management fees and operating expenses charged to the Plan for investments in mutual funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

Notes Receivable From Participants - Participant notes receivable are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on terms of the Plan document.

Payment of Benefits - Benefit payments to participants are recorded upon distribution.

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative Expenses - Administrative expenses of the Plan are paid by the Plan Sponsor except for certain fees which are paid by the participants. These fees include loan fees, advisory fees, and fund redemption fees. For the years ended December 31, 2010 and 2009, these fees which totaled \$129,550 and \$53,249, respectively, are included in benefits paid directly to participants in the statements of changes in net assets available for benefits.

Excess Contributions Payable - The Plan is required to return contributions received during the Plan year in excess of IRC limits.

New and Adopted Accounting Pronouncements - In September 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2010-25 "Plan Accounting - Defined Contribution Pension Plans (Topic 962) - Reporting Loans to Participants by Defined Contribution Pension Plans." This guidance requires that participant loans be classified as notes receivable from participants, which are segregated from plan investments and measured at their unpaid principal balance plus any accrued but unpaid interest. The guidance should be applied retrospectively to all prior periods presented, effective for fiscal years ending after December 15, 2010. The plan adopted this guidance on December 31, 2010, and applied it retrospectively to the statement of net assets available for benefits and related footnotes.

In February 2010, the FASB issued ASU No. 2010-09 "Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements" which removes the requirement for U.S. Securities and Exchange Commission filers to disclose the date through which subsequent events have been evaluated. The ASU No. 2010-09 is effective upon issuance.

In January 2010, the FASB issued Accounting Standard Update ("ASU") 2010-06 "Fair Value Measurement and Disclosures (Topic 820) - Improving Disclosures about Fair Value Measurements," which provides amendments to FASB Accounting Standards Codification ("ASC") Topic 820 "Fair Value Measurements and Disclosures" that will provide more robust disclosures about the following:

- Ø The different classes of assets and liabilities measured at fair value;
- Ø The valuation techniques and inputs used;
- Ø The transfers between Levels 1, 2, and 3; and
- Ø The activity in Level 3 fair value measurements.

Certain new disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 31, 2009. Disclosures about purchases, sales, issuances and settlements in the roll-forward of activities in Level 3 are effective for fiscal years beginning after December 15, 2010. The Plan adopted this guidance on January 1, 2010. The enhanced disclosures required by ASU 2010-06 for the periods beginning after December 31, 2009, are included in Note 6.

In September 2009, the FASB issued ASU No. 2009-12, Fair Value Measurements and Disclosures: Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent) (“ASU 2009-12”), which amended ASC Subtopic 820-10, Fair Value Measurements and Disclosures — Overall. ASU No. 2009-12 is effective for the first reporting period ending after December 15, 2009. ASU No. 2009-12 expands the required disclosures for certain investments with a reported net asset value. ASU No. 2009-12 permits, as a practical expedient, an entity holding investments in certain entities that calculate net asset value per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that net asset value per share or its equivalent without adjustment.

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New and Adopted Accounting Pronouncements (continued)

The ASU requires enhanced disclosures about the nature and risks of investments within its scope. Such disclosures include the nature of any restrictions on an investor's ability to redeem its investments at the measurement date, any unfunded commitments, and the investment strategies of the investee. The Plan has adopted ASU No. 2009-12 on January 1, 2010. Adoption did not have a material impact on the fair value determination and disclosure of applicable investments.

In August 2009, the FASB issued ASU No. 2009-05, "Fair Value Measurements and Disclosures (Topic 820) – Measuring Liabilities at Fair Value." This update amends FASB ASC Topic 820 and provides clarification regarding the valuation techniques required to be used to measure the fair value of liabilities where quoted prices in active markets for identical liabilities are not available. In addition, this update clarifies that when estimating the fair value of a liability, a reporting entity is not required to include a separate input or adjustment to other inputs relating to the existence of a restriction that prevents the transfer of the liability. The guidance provided in ASU No. 2009-05 is effective for the first reporting period, including interim periods, beginning after issuance. The Plan adopted this guidance on January 1, 2010. The adoption of this guidance did not have a material impact on the Plan's financial statements.

In June 2009, the FASB issued FASB ASC Topic 105, "Generally Accepted Accounting Principles." This guidance establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. FASB ASC Topic 105 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Plan adopted FASB ASC Topic 105 on December 31, 2009 and has updated its referencing for all accounting standards in these financial statements.

The Plan adopted the provisions of FASB ASC Topic 820, which were issued in April 2009. This issuance provides additional guidance for estimating fair value when the volume and level of activity for the asset or liability have significantly decreased in relation to normal market activity for the asset or liability, as well as guidance on identifying circumstances that indicate a transaction is not orderly. FASB ASC Topic 820 also requires annual and interim disclosure of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques and related inputs, if any during the period, and definitions of each major category for equity and debt securities, as described in FASB ASC Topic 320. The Plan adopted the above-noted aspects of FASB ASC Topic 820 on December 31, 2009; such

adoption did not have a material impact on the Plan's financial statements.

The Plan adopted certain provisions of FASB ASC Topic 855, "Subsequent Events," which were issued in May 2009. This topic requires evaluation of subsequent events through the date that the financial statements are issued or are available to be issued. FASB ASC Topic 855 sets forth the period under which the reporting entity should evaluate the subsequent events to be recognized or disclosed, the circumstances under which the reporting entity should recognize the events or transactions that occur after the balance sheet date, and the disclosures that the reporting entity should make about the subsequent events.

3.

PLAN ADMINISTRATOR AND TRUSTEE

The Benefit Plans Committee (the "Committee") is the named Plan Administrator of the Plan. At December 31, 2010, the Committee consisted of seven members. ING National Trust is the named Trustee of the Sun Advantage Savings and Investment Plan.

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

4. FEDERAL INCOME TAX STATUS

The Plan obtained its latest determination letter dated October 29, 2002, in which the Internal Revenue Service stated that the Plan and related trust as then designed were in compliance with the applicable regulations of the IRC. The Plan has been amended since receiving the determination letter and the Company refiled an application for a favorable determination on January 29, 2010. The Internal Revenue Service ("IRS") acknowledged receipt of the application in a letter to the Company, dated March 4, 2010. The Committee believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Plan management evaluates whether or not there are uncertain tax positions taken by the Plan that require financial statement recognition and has determined as of December 31, 2010 and 2009 that the Plan has taken no uncertain tax positions that require recognition or disclosure in the financial statements. The Plan is subject to audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Committee believes it is no longer subject to income tax examinations for years prior to 2007.

5. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event that the Plan is terminated, participants would become 100% vested in their accounts.

6. INVESTMENTS

The Plan's investments that represented 5% or more of the fair value of the Plan's net assets available for benefits as of December 31 were as follows:

| | 2010 | 2009 |
|---------------------------------------|------------|---------------|
| Mutual funds | | |
| MFS Total Return Fund | \$ - | \$ 15,769,278 |
| Vanguard Institutional Index Fund | 38,373,993 | 31,148,775 |
| Vanguard Morgan Growth Fund | 33,006,324 | 27,656,108 |
| Vanguard Total Bond Market Index Fund | 19,750,189 | 15,994,575 |
| Collective trust | | |
| Vanguard Retirement Savings Trust II | 71,812,767 | 66,369,462 |

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

6. INVESTMENTS (CONTINUED)

During 2010 and 2009, the Plan's investments (including gains and losses on investments bought and sold, as well as held, during the year) appreciated in value by \$31,103,962 and \$48,772,630, respectively, as follows:

| | 2010 |
|---|---------------|
| Mutual funds | \$ 29,679,520 |
| Sun Life Financial Stock Fund | 393,996 |
| Assets held in Self-Managed Accounts | 1,030,446 |
| Net appreciation in fair value of investments | \$ 31,103,962 |

| | 2009 |
|---|---------------|
| Mutual funds | \$ 45,782,364 |
| Sun Life Financial Stock Fund | 1,729,437 |
| Assets held in Self-Managed Accounts | 1,260,829 |
| Net appreciation in fair value of investments | \$ 48,772,630 |

FASB ASC Topic 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Plan uses various methods including market, income and cost approaches. The Plan utilizes valuation techniques that maximize the use of observable inputs and minimizes the use of unobservable inputs.

The Plan has categorized its financial instruments into a three-level hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument.

On April 1, 2009, the FASB issued additional guidance on estimating fair value when the volume and level of activity for the asset or liability have significantly decreased, as well as guidance on identifying circumstances that indicate a transaction is not orderly. The Plan reviewed its pricing sources and methodologies and has concluded that its various pricing sources and methodologies are in compliance with this guidance. During the year ended December 31, 2010, there were no changes to these valuation techniques and the related inputs.

Investments recorded at fair value in the Plan's statement of net assets available for benefits are categorized as follows:

Level 1

- Unadjusted quoted prices for identical assets or liabilities in an active market.

The types of investments utilizing Level 1 valuations include investments in publicly traded mutual funds with quoted market prices, Sun Life Financial Stock Fund and assets held in self-managed accounts.

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SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

6. INVESTMENTS (CONTINUED)

Level 2

- Quoted prices in markets that are not active or significant inputs that are observable either directly or indirectly.

Level 2 inputs include the following:

- a) Quoted prices for similar investments in active markets,
 - b) Quoted prices for identical or similar investments in non-active markets,
 - c) Inputs other than quoted market prices that are observable, and
- d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means.

The type of investment utilizing Level 2 valuations is the Vanguard Retirement Savings Trust II stable value fund.

Level 3

- Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. They reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

The Plan does not currently hold investments types that are utilizing Level 3 valuations.

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

6. INVESTMENTS (CONTINUED)

The following table discloses the fair value hierarchy for Plan investments as of December 31, 2010:

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|----------------|---------------|---------|----------------|
| Investments, at fair value: | | | | |
| Mutual funds | | | | |
| Balanced funds | \$ 33,480,206 | \$ - | \$ - | \$ 33,480,206 |
| Domestic stock funds | 159,411,651 | - | - | 159,411,651 |
| Fixed income funds | 36,039,716 | - | - | 36,039,716 |
| International stock funds | 32,885,098 | - | - | 32,885,098 |
| Total mutual funds | 261,816,671 | - | - | 261,816,671 |
| Short-Term Investment Fund | 449,825 | - | - | 449,825 |
| Vanguard Retirement Savings Trust II | - | 71,812,767 | - | 71,812,767 |
| Sun Life Financial Stock Fund | 9,807,152 | - | - | 9,807,152 |
| Assets held in Self-Managed Accounts | 5,342,133 | - | - | 5,342,133 |
| Total investments | \$ 277,415,781 | \$ 71,812,767 | \$ - | \$ 349,228,548 |

The following table discloses the fair value hierarchy for Plan investments as of December 31, 2009:

| | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|----------------|---------------|---------|----------------|
| Investments, at fair value: | | | | |
| Mutual funds | | | | |
| Balanced funds | \$ 24,897,551 | \$ - | \$ - | \$ 24,897,551 |
| Domestic stock funds | 125,166,808 | - | - | 125,166,808 |
| Fixed income funds | 30,445,479 | - | - | 30,445,479 |
| International stock funds | 27,620,245 | - | - | 27,620,245 |
| Total mutual funds | 208,130,083 | - | - | 208,130,083 |
| Short-Term Investment Fund | 380,904 | - | - | 380,904 |
| Vanguard Retirement Savings Trust II | - | 66,369,462 | - | 66,369,462 |
| Sun Life Financial Stock Fund | 8,170,897 | - | - | 8,170,897 |
| Assets held in Self-Managed Accounts | 3,354,577 | - | - | 3,354,577 |
| Total investments | \$ 220,036,461 | \$ 66,369,462 | \$ - | \$ 286,405,923 |

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

6. INVESTMENTS (CONTINUED)

The Plan determines transfers between levels based on the fair value of each security as of the beginning of the reporting period. The Plan did not transfer assets into or out of Levels 1, 2 and 3 during the year ended December 31, 2010.

The methods and assumptions that the Plan uses in determining the estimated fair value of its financial instruments that are measured at fair value on a recurring basis are summarized below:

Shares of mutual funds - The Plan's investment in shares of mutual funds is valued at quoted market prices which represent the net asset value of shares held by the Plan at year end.

Sun Life Financial Stock Fund - The Plan's investment in the Sun Life Financial Stock Funds is valued at quoted market prices.

Assets held in self-managed accounts - Assets held in self-managed accounts are stated at fair value based on quoted market prices of the assets held in the accounts.

Collective trust fund - The Plan's investment in the collective trust fund is stated at fair value as determined by the issuer of the collective trust fund based on the fair market value of the underlying investments. The collective trust, which is a stable value fund, with underlying investments in fully benefit-responsive investment contracts is valued at fair market value of the underlying investments and then adjusted by the issuer to contract value, as discussed below.

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 962 "Plan Accounting – Defined Contribution Pension Plans," the stable value fund is included at fair value in participant-directed investments in the statements of net assets available for benefits, and an additional line item is presented representing the adjustment from fair value to contract value. The statements of changes in net assets available for benefits are presented on a contract value basis.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

7. STABLE VALUE FUND

The Vanguard Retirement Savings Trust II (the "Trust"), is a collective investment trust established on August 31, 2001, under Section 404 of the Pennsylvania Banking Code. The Trust provides for the collective investment of assets of tax-exempt pension and profit-sharing plans. The Trust invests solely in Vanguard Retirement Savings Trust Master Trust ("VRST Master Trust"). The underlying investments in VRST Master Trust are primarily in a pool of investment contracts that are issued by insurance companies and commercial banks and in

contracts that are backed by high-quality bonds, bond trusts, and bond mutual funds that are selected by the Trustee, Vanguard Fiduciary Trust Company. The issuers' ability to meet these obligations may be affected by economic developments in their respective companies and industries. An investment in the Trust is neither insured nor guaranteed by the U.S. government or by Vanguard, and there is no assurance that the VRST Master Trust will be able to maintain a stable net asset value of \$1 per unit.

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

7. STABLE VALUE FUND (CONTINUED)

Investments held by the Trust are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets of the Trust attributable to fully benefit-responsive investment contracts, because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the underlying defined-contribution plans.

Traditional investment contracts issued by insurance companies and banks are nontransferable, but provide for benefit-responsive withdrawals by plan participants at contract value. For traditional investment contracts, fair value compromises the expected future cash flows for each contract discounted to present value. Contract value represents contributions made plus interest accrued at the contract rate, less withdrawals. The crediting rate on traditional contracts is typically fixed for the life of the investment.

The Trust imposes certain restrictions on the Plan, and the Trust itself may be subject to circumstances that impact its ability to transact at contract value, as described in the following paragraphs. Plan management believes that the occurrence of events that would cause the Trust to transact at less than contract value is not probable.

Limitations on the Ability of the Fund to Transact at Contract Value:

Limitations on Contract Value Transactions — Any event outside the normal operation of the Trust that causes a withdrawal from an investment contract may result in a negative market value adjustment with respect to the withdrawal. The following events may limit the ability of the Trust to transact at contract value:

- Ø Partial or complete legal termination of the Trust or a unit holder
- Ø Tax disqualification of the Trust or unit holder
- Ø Certain Trust amendments if issuers' consent is not obtained

In general, issuers may terminate the contract and settle at other than contract value if there is a change in the qualification status of participant, employer, or plan; a breach of material obligations under the contract and misrepresentation by the contract holder; or failure of the underlying portfolio to conform the pre-established investment guidelines.

8. EXEMPT PARTY-IN-INTEREST

An affiliate of the Plan Sponsor manages several mutual fund investment options within the Plan. These investments include MFS High Income Fund and MFS Total Return Fund, each of which is an investment company registered under the Investment Company Act of 1940. Investment advisory fees are paid from the funds to the affiliate.

At December 31, 2010 and 2009, the Plan held 325,819 and 284,502 shares, respectively, of common stock of Sun Life Financial Inc., an affiliate of the Plan Sponsor, with cost bases of \$10,092,663 and \$8,915,782, respectively. During the years ended December 31, 2010 and 2009, the Plan recorded dividend income from such securities of \$440,480 and \$380,904,

respectively. These transactions qualified as permitted party-in-interest transactions.

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of Vanguard Retirement Savings Trust II per the statements of net assets available for benefits to the Form 5500 as of December 31, 2010 and 2009.

| | 2010 | 2009 |
|--|---------------|---------------|
| Vanguard Retirement Savings Trust II, per the financial statements | \$ 71,812,767 | \$ 66,369,462 |
| Adjustment from fair value to contract value for interest in fully benefit-responsive stable value fund per financial statements | (2,827,851) | (1,434,786) |
| Value of interest in common/collective trusts | \$ 68,984,916 | \$ 64,934,676 |

* * * * *

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

Employer ID No: 26-3730703

Plan No: 005

FORM 5500, SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2010

| (a) | (b) Identity of Issue, Borrower, Lessor or Similar Party | (c) Description of Investment, Including Collateral, Rate of Interest, Maturity Date, Par or Maturity Value | (d) Cost** | (e) Current Value |
|-----|--|--|------------|----------------------|
| | Vanguard | Vanguard Retirement Savings Trust II - Collective Trust 68,984,916 shares | | \$ 68,984,916 |
| * | Massachusetts Financial Services | Mutual funds: MFS High Income Fund - 2,204,217.644 shares | | 7,626,593 |
| | | MFS Total Return Fund - 1,219,547.792 shares | | 17,195,624 |
| | Fidelity Investments | Fidelity Low-Priced Stock Fund - 199,349.598 shares | | 7,651,038 |
| | | Fidelity Small Cap Stock Fund - 667,385.277 shares | | 13,080,751 |
| | | Fidelity Advisor Diversified International Fund - 1,014,914.495 shares | | 16,522,808 |
| | Vanguard | Vanguard Growth Index Fund - 120,272.103 shares | | 3,519,162 |
| | | Vanguard Institutional Index Fund - 333,657.882 shares | | 38,373,993 |
| | | Vanguard Total Bond Market Index Fund - 1,863,225.416 shares | | 19,750,189 |
| | | Vanguard Mid-Cap Index Fund - 134,629.036 shares | | 2,734,316 |
| | | Vanguard Small Cap Index Fund - 77,322.302 shares | | 2,686,950 |
| | | Vanguard Inflation-Protected Securities Fund - 339,190.842 shares | | 8,662,934 |
| | | Vanguard Value Index Fund - 204,678.616 shares | | 4,255,268 |
| | | Vanguard Morgan Growth Fund - 590,558.675 shares | | 33,006,324 |
| | JP Morgan | JP Morgan Mid Cap Growth Fund - 712,484.320 shares | | 16,380,015 |
| | T. Rowe Price | T. Rowe Price International Stock Fund - 1,149,844.680 shares | | 16,362,290 |
| | | T. Rowe Price Equity Income Fund - | | |

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| | |
|---|------------|
| 420,830.168 shares | 9,969,467 |
| T. Rowe Price Mid-Cap Value Fund - 718,908.765 shares | 17,045,327 |
| T. Rowe Price Retirement Income Fund - 13,406.529 shares | 175,760 |
| T. Rowe Price Retirement 2010 Fund - 12,832.408 shares | 196,849 |
| T. Rowe Price Retirement 2015 Fund - 130,033.163 shares | 1,546,094 |
| T. Rowe Price Retirement 2020 Fund - 138,203.914 shares | 2,272,072 |

SUN ADVANTAGE SAVINGS AND INVESTMENT PLAN

Employer ID No: 26-3730703

Plan No: 005

FORM 5500, SCHEDULE H, PART IV, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2010

| (a) | (b) Identity of Issue, Borrower, Lessor or Similar Party | (c) Description of Investment, Including Collateral, Rate of Interest, Maturity Date, Par or Maturity Value | (d) Cost** | (e) Current Value |
|-----|--|--|------------|----------------------|
| | | T. Rowe Price Retirement 2025 Fund - 212,958.566 shares | | 2,564,021 |
| | | T. Rowe Price Retirement 2030 Fund - 126,790.594 shares | | 2,190,941 |
| | | T. Rowe Price Retirement 2035 Fund - 176,631.329 shares | | 2,160,201 |
| | | T. Rowe Price Retirement 2040 Fund - 126,484.611 shares | | 2,203,362 |
| | | T. Rowe Price Retirement 2045 Fund - 119,312.399 shares | | 1,385,217 |
| | | T. Rowe Price Retirement 2050 Fund - 118,688.098 shares | | 1,156,022 |
| | | T. Rowe Price Retirement 2055 Fund - 45,071.866 shares | | 434,042 |
| | American Funds | American Funds The New Economy Fund - 85,551.271 shares | | 2,172,147 |
| | Alger | Alger SmallCap and MidCap Growth Fund - 44,646.537 shares | | 708,541 |
| | Alliance Bernstein | Alliance Bernstein Small /Mid Cap Value Fund - 54,286.897 shares | | 971,193 |
| | Selected American | Selected American Fund - 165,591.888 shares | | 6,857,160 |
| | | Total Mutual Funds | | 261,816,671 |
| | Self-Managed Accounts | Self-Managed Accounts - | | 5,342,133 |
| * | Sun Life Financial | Sun Life Financial Stock Fund - 325,819 shares | | 9,807,152 |
| * | Plan participants | Participant loans (net of \$188,754 in deemed | | 5,071,611 |

| | | |
|--------------|----------------------------------|----------------|
| | distributions), secured by | |
| | underlying participant | |
| | account balances, interest rates | |
| | from 3.25% to 8.50%, | |
| | maturity dates through 2025 | |
| State Street | State Street Global | |
| | Advisors Short-Term | 449,825 |
| | Investment Fund - 449,825 | |
| | shares | |
| | TOTAL INVESTMENTS PER | \$ 351,472,308 |
| | FORM 5500 | |

* Party-in-interest.

** Cost is not required for participant directed investments and therefore has not been included.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

SUN ADVANTAGE SAVINGS AND INVESTMENT
PLAN

(Name of Plan)

By: /s/ Robert J. De Clercq
Robert J. De Clercq
Member Benefit Plans Committee

Dated: June 28, 2011

EXHIBIT INDEX

| Exhibit Number | Description |
|----------------|--|
| 23 | Consent of Independent Registered Public Accounting Firm |

