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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

SEC FILE NUMBER
8- 16198

FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/04 (MM/DD/YY) AND ENDING 12/31/04 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: FN: **MFS/Sun Life Financial Distributors, Inc.**
NN: Sun Life Financial Distributors, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

One Sun Life Executive Park
(No. and Street)

Wellesley Hills (City) **Massachusetts** (State) **02481** (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Jane F. Jette **(781) 446-1208**
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte & Touche LLP
(Name - *if individual, state last, first, middle name*)

200 Berkeley street (Address) **Boston** (City) **MA** (State) **02116** (Zip Code)

PROCESSED
MAR 3 1 2005
THOMSON FINANCIAL

SEC MAIL PROCESSING SECTION
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WASH, D.C. 179

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CHECK ONE:

- [x] Certified Public Accountant
- [ ] Public Accountant
- [ ] Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

**Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)*

AH 3/30/2005

AH 3/30/2005

SEC 1410 (06-02)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Jane F. Jette, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of MFS/Sun Life Financial Distributors, Inc., as of December 31, 20 04, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Peter P. Daly
Notary Public
My Commission Expires June 20, 2008

Jane F. Jette
Signature

Financial Operations Principal and Treasurer
Title

Peter P. Daly
Notary Public

This report ** contains (check all applicable boxes):

- [x] (a) Facing Page.
- [x] (b) Statement of Financial Condition.
- [x] (c) Statement of Income (Loss).
- [x] (d) Statement of Cash Flows.
- [x] (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- [ ] (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- [x] (g) Computation of Net Capital.
- [ ] (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- [ ] (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- [ ] (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule15c3-3.
- [ ] (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- [x] (l) An Oath or Affirmation.
- [ ] (m) A copy of the SIPC Supplemental Report.
- [ ] (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

***For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).*

MFS/Sun Life Financial Distributors, Inc.

(A Joint Venture Between Sun Life Financial (U.S.) Holdings, Inc. and Massachusetts Financial Services Company)

(SEC I.D. No. 16198)

Financial Statements and Supplemental Schedule as of and for the Year Ended December 31, 2004, and Independent Auditors' Report and Supplemental Report on Internal Control

Filed Pursuant to Rule 17a-5 (e)(3) as a **PUBLIC DOCUMENT**.

Deloitte.

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www.deloitte.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
MFS/Sun Life Financial Distributors, Inc.
Wellesley, Massachusetts

We have audited the following financial statements of MFS/Sun Life Financial Distributors, Inc. (the "Company") (a joint venture between Sun Life Financial (U.S.) Holdings, Inc. and Massachusetts Financial Services Company) for the year ended December 31, 2004 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934:

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 Company'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 audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2004, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the financial statements, the majority of revenue earned and expenses incurred by the Company is the result of transactions with related parties.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Computation of Net Capital Pursuant to Rule 15c3-1 of the Securities and Exchange Act of 1934 of the Company as of December 31, 2004 is presented on page 10 for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. This schedule is the responsibility of the Company's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

February 28, 2005

MFS/SUN LIFE FINANCIAL DISTRIBUTORS, INC.
(A Joint Venture Between Sun Life Financial (U.S.) Holdings, Inc. and Massachusetts Financial Services Company)

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2004

ASSETS

Cash and cash equivalents	$ 11,766,594
Amount due from parent and affiliated companies	663,532
Current income tax receivable—Affiliate	3,886,374
Accounts receivable	71,233
Prepaid expenses	148,423
Office furniture and equipment, net of accumulated depreciation of $322,125	632,214
TOTAL ASSETS	$ 17,168,370

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES:	
Amount due to parent and affiliated companies	$ 2,999,902
Accounts payable and accrued expenses	5,785,152
Deferred income tax payable	101,453
Total liabilities	8,886,507
STOCKHOLDERS' EQUITY:	
Common stock, par value $100; authorized, 5,000 shares; issued and outstanding, 4,000 shares	400,000
Additional paid-in capital	74,493,862
Accumulated deficit	(66,611,999)
Total stockholders' equity	8,281,863
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 17,168,370

See notes to financial statements.

MFS/SUN LIFE FINANCIAL DISTRIBUTORS, INC.
(A Joint Venture Between Sun Life Financial (U.S.) Holdings, Inc. and Massachusetts Financial Services Company)

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2004

REVENUE:	
Distribution fees	$ 39,269,576
Investment income	153,956
Total revenue	39,423,532
EXPENSES:	
Commissions	25,394,083
Salary and related employee expenses	17,591,710
Printing expenses	451,286
Travel expenses	2,799,492
Legal expenses	916,398
Marketing expenses	3,273,837
Training expenses	2,657,617
Other operating expenses	3,525,437
Total expenses	56,609,860
LOSS BEFORE INCOME TAX BENEFIT	(17,186,328)
INCOME TAX BENEFIT	6,732,303
NET LOSS	$ (10,454,025)

See notes to financial statements.

MFS/SUN LIFE FINANCIAL DISTRIBUTORS, INC.
(A Joint Venture Between Sun Life Financial (U.S.) Holdings, Inc. and Massachusetts Financial Services Company)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY YEAR ENDED DECEMBER 31, 2004

	Shares	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total Stockholders' Equity
BALANCE—January 1, 2004	4,000	$400,000	$65,493,862	$(56,157,974)	$ 9,735,888
Capital contribution			9,000,000		9,000,000
Net loss				(10,454,025)	(10,454,025)
BALANCE—December 31, 2004	4,000	$400,000	$74,493,862	$(66,611,999)	$ 8,281,863

See notes to financial statements.

MFS/SUN LIFE FINANCIAL DISTRIBUTORS, INC.
(A Joint Venture Between Sun Life Financial (U.S.) Holdings, Inc. and Massachusetts Financial Services Company)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (10,454,025)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	179,689
Changes in assets and liabilities:	
Increase in accounts receivable	(30,002)
Decrease in receivable from parent and affiliated companies	802,836
Increase in deferred income taxes	124,418
Decrease in receivables from affiliates for income tax paid	417,247
Increase in accounts payable and accrued expenses	1,990,650
Decrease in prepaid expenses	188,537
Decrease in amount due to parent and affiliated companies	(225,974)
Net cash used in operating activities	(7,006,624)
CASH FLOWS FROM INVESTING ACTIVITIES—Purchase of equipment	(156,341)
CASH FLOWS FROM FINANCING ACTIVITIES—Capital contribution	9,000,000
INCREASE IN CASH AND CASH EQUIVALENTS	1,837,035
CASH AND CASH EQUIVALENT—Beginning of year	9,929,559
CASH AND CASH EQUIVALENT—End of year	$ 11,766,594
INCOME TAXES REFUNDED FROM AFFILIATE	$ 7,278,584

See notes to financial statements.

1. ORGANIZATION

MFS/Sun Life Financial Distributors, Inc. (the "Company") is a National Association of Securities Dealers ("NASD") registered broker-dealer. The Company is a 50% joint venture between Sun Life Financial (U.S.) Holdings, Inc. ("SLF Holdings") and Massachusetts Financial Services Company ("MFS"), an affiliate (the "Shareholders"). The Shareholders have a shareholder agreement under which they have agreed to contribute additional capital equally, as necessary, to maintain adequate net capital requirement levels. The Company operates as a wholesaler of fixed, equity indexed, and variable insurance products. The Company distributes the annuities and insurance products issued by Sun Life Assurance Company of Canada (U.S.) ("Sun Life (U.S.)") and Sun Life Insurance and Annuity Company of New York ("Sun Life (NY)"), both affiliated companies.

On January 1, 2005, the Company changed its name to Sun Life Financial Distributors, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

Cash Equivalents—The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Office Furniture and Equipment—Office furniture and equipment is carried at cost, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally from three to seven years.

Accounting Estimates—The preparation of financial statements in conformity with accounting pronouncements generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Commissions and Distribution Fees—Variable annuity and variable insurance products are typically sold through a network of independent broker-dealers. Base commissions to the independent broker-dealers are paid directly by Sun Life (U.S.) and Sun Life (NY) and are not included in the Company's statement of operations. Commissions paid to independent broker-dealers who receive commission overrides are recorded in the commissions account in the statement of operations.

All distribution fees and commissions are recorded on a trade-date basis. The rates are determined and may be altered by agreements with Sun Life (U.S.) and Sun Life (NY).

3. RELATED-PARTY TRANSACTIONS

The accompanying financial statements have been prepared from the separate records maintained by the Company. The Company's operations consist of activities performed for SLF Holdings and MFS and may not be indicative of the conditions that would have existed or the results of operations if the Company had been operated as an unaffiliated company.

Employees of the Company are covered under the post-retirement benefit plan sponsored by Sun Life (U.S.). For the year ended December 31, 2004, the net expense charged to the Company for retirement benefits was $1,338,281, which has been included as a component of salary and related employee expenses.

The Company has an administrative services agreement with the Shareholders under which the Company has agreed to reimburse each Shareholder a fixed annual fee for certain services provided. This annual fixed fee was reduced to $150,000 per shareholder per year during 2004 (previously $250,000 per year). Included in marketing expenses is $300,000 relating to the above administrative service fee. In addition, other marketing expenses are allocated by Sun Life (U.S.) and are based upon sales volume.

4. INCOME TAXES

The Company files its federal and state tax returns on a consolidated basis with affiliates. Pursuant to a tax-sharing agreement, the Company's income tax liability or benefit is calculated in a manner which is representative of how the Company would compute its provision as a separate entity, with benefit given to losses used in consolidation.

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes*. Deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income-tax purposes.

The components of income taxes for the year ended December 31, 2004 were as follows:

Current benefit:	
Federal	$ 5,310,036
State	1,546,686
Total current benefit	6,856,722
Deferred (expense):	
Federal	(95,901)
State	(28,518)
Total deferred expense	(124,419)
Total tax benefit	$ 6,732,303

The Company's effective tax rate for the year ended December 31, 2004 differed from the statutory rate due to certain non-deductible expenses.

Deferred taxes arise due to the difference in book and tax bases of depreciation. At December 31, 2004, the net deferred tax liability was $101,453. No valuation allowance is considered necessary at December 31, 2004.

5. NET CAPITAL REQUIREMENTS

As a broker-dealer, the Company is subject to the Securities and Exchange Commission's regulations and operating guidelines, including Rule 15c3-1, which requires the Company to maintain a specified amount of net capital, as defined, and a ratio of aggregate indebtedness, as defined, to net capital not exceeding 15-to-1. The Company's net capital, as computed pursuant to Rule 15c3-1, at December 31, 2004 was $2,656,699, which was greater than the required net capital of $592,434 by $2,064,265. The ratio of aggregate indebtedness to net capital was 3.34-to-1 at December 31, 2004.

During 2004, the Company received $9,000,000 in capital contributions.

6. COMMITMENTS AND CONTINGENT LIABILITIES

The SEC and other regulators have conducted or are conducting investigations and examinations of the Company relating to various issues, including market timing and late trading of variable insurance products, revenue-sharing and other compensation arrangements with distributors, recordkeeping requirements and equity indexed annuity marketing activities. At this time, the Company is unaware of the potential outcome of these inquiries, but does not believe they will be significant to the Company's financial condition.

The Company is subject to legal proceedings and claims that arise in the ordinary course of business. The amount of ultimate liability with respect to such actions is not expected to materially affect the financial position, results of operations or liquidity.

7. SUBSEQUENT EVENT

The Shareholders contributed capital of $4,000,000 to the Company on February 28, 2005.

8. EXEMPTION FROM RESERVE AND SECURITY CUSTODY REQUIREMENTS PURSUANT TO RULE 15C3-3

The Company is exempt from the reserve requirements of Rule 15c3-3 of the Securities Exchange Act of 1934, under the provisions of subparagraph (k)(1) thereof, since its transactions are limited to the purchase, sale and redemption of redeemable securities of registered investment companies. All customer funds are properly transmitted, and all securities received in connection with activities as a broker-dealer are promptly delivered. MFS/Sun Life Financial Distributors, Inc. does not otherwise hold funds or securities for, or owes money or securities to, customers.

* * * * * *

MFS/SUN LIFE FINANCIAL DISTRIBUTORS, INC.
(A Joint Venture Between Sun Life Financial (U.S.) Holdings, Inc. and Massachusetts Financial Services Company)

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1 OF THE SECURITIES EXCHANGE ACT OF 1934 DECEMBER 31, 2004

CAPITAL—Stockholders' equity	$ 8,281,863
DEDUCTIONS—Nonallowable assets:	
Amount due from parent and affiliated companies	663,532
Receivable from affiliate for income taxes	3,886,374
Accounts receivable	71,233
Prepaid expenses	148,423
Office furniture and equipment—net	632,214
Total deductions	5,401,776
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITIONS	2,880,087
HAIRCUTS ON SECURITIES POSITIONS	223,388
NET CAPITAL	$ 2,656,699
AGGREGATE INDEBTEDNESS	$ 8,886,507
MINIMUM DOLLAR NET CAPITAL REQUIREMENT OF BROKER-DEALER (The greater of 6-2/3% of aggregate indebtedness, as defined, or $5,000)	$ 592,434
EXCESS NET CAPITAL	$ 2,064,265
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	3.34 to 1
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2004	
Net capital, as reported in Company's Part II (unaudited) FOCUS report	$ 2,869,042
Audit Adjustments	(212,343)
NET CAPITAL PER ABOVE	$ 2,656,699

Deloitte.

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February 28, 2005

To the Board of Directors and Stockholders of
MFS/Sun Life Financial Distributors, Inc.
Wellesley, Massachusetts

In planning and performing our audit of the financial statements of MFS/Sun Life Financial Distributors, Inc. (the "Company") for the year ended December 31, 2004 (on which we issued our report dated February 28, 2005), we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the Company's internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities Exchange Act of 1934, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control and of the practices and procedures, and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's (the "Commission") above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized acquisition, use, or disposition, and to ensure that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control or of such practices and procedures to future periods are subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

Our consideration of the Company's internal control would not necessarily disclose all matters in the Company's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the Company's internal control and its operation (including control activities for safeguarding securities) that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2004 to meet the Commission's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP