

SEC



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

SEC  
 Mail Processing  
 Section  
 MAR 02 2015  
 Washington DC

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 01/01/2014 AND ENDING 12/31/2014  
MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Sun Life Financial Distributors, Inc.

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

One Sun Life Executive Park

(No. and Street)

Wellesley Hills

(City)

MA

(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)

02116-5022

(Zip Code)

**CHECK ONE:**

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

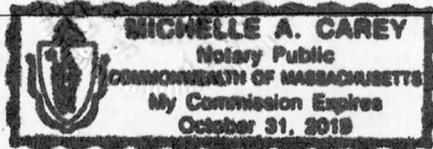
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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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 Sun Life Financial Distributors, Inc., as of December 31, 2014, 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:



Jane F. Jette

Signature

Financial Operations Principal and Treasurer  
Title

Michelle A. Carey  
Notary Public

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

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (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 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (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).



**SUN LIFE FINANCIAL DISTRIBUTORS, INC.  
(SEC I.D. No. 16198)**

*(A Wholly Owned Subsidiary of Sun Life Financial  
(U.S.) Holdings, Inc.)*

**FINANCIAL STATEMENTS AND SUPPLEMENTAL  
SCHEDULES FOR THE YEAR ENDED  
DECEMBER 31, 2014 AND INDEPENDENT AUDITORS'  
REPORT**

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

**SUN LIFE FINANCIAL DISTRIBUTORS, INC.**  
**(SEC I.D. No. 16198)**

*(A Wholly Owned Subsidiary of Sun Life Financial  
(U.S.) Holdings, Inc.)*

**FINANCIAL STATEMENTS AND SUPPLEMENTAL  
SCHEDULES FOR THE YEAR ENDED  
DECEMBER 31, 2014 AND INDEPENDENT AUDITORS'  
REPORT**

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

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholder of  
Sun Life Financial Distributors, Inc.  
One Sun Life Executive Park  
Wellesley, MA 02481-5699

We have audited the accompanying statement of financial condition of Sun Life Financial Distributors, Inc. (the "Company") as of December 31, 2014, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended 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 the 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 Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit 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 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 Sun Life Financial Distributors, Inc. as of December 31, 2014, 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 discussed in Note 3 to the financial statements, the accompanying financial statements have been prepared from the separate records maintained by the Company and reflect significant balances and transactions with affiliates. Such financial statements may not be indicative of the conditions that would have existed or the results of operations if the Company had not been operated as an affiliated company. Our opinion is not modified with respect to this matter.

The supplemental schedules g, h, and i listed in the accompanying table of contents have been subjected to audit procedures performed in conjunction with the audit of the Company's financial statements. The supplemental schedules are the responsibility of the Company's management. Our audit procedures included determining whether the supplemental schedules reconcile to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the

supplemental schedules. In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in compliance with Rule 17a-5 under the Securities Exchange Act of 1934. In our opinion, such schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Deloitte & Touche LLP*

February 27, 2015

**SUN LIFE FINANCIAL DISTRIBUTORS, INC.**  
(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

**STATEMENT OF FINANCIAL CONDITION**  
**AS OF DECEMBER 31, 2014**

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**ASSETS**

Cash and cash equivalents	\$	25,634,009
Receivable from affiliates		19,496
Federal tax receivable - Affiliate		38,765
Deferred federal tax asset - Affiliate		142,047
Deferred state tax asset - Affiliate		356
Prepaid expenses		24,000

TOTAL ASSETS \$ 25,858,673

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**LIABILITIES:**

State tax payable - Affiliate	\$	2,221,520
Accrued expenses		1,159,409
Payable to affiliates		54,269

Total liabilities 3,435,198

**STOCKHOLDER'S EQUITY:**

Common stock, \$100 par value- authorized, 5,000 shares; issued and outstanding, 4,005 shares		400,500
Additional paid-in capital		312,493,362
Accumulated deficit		(290,470,387)

Total stockholder's equity 22,423,475

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY \$ 25,858,673

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

**SUN LIFE FINANCIAL DISTRIBUTORS, INC.**

(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2014**

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## INCOME:

Underwriting fee income	\$	470,668
Distribution fee income		21,151
Investment income		<u>12,226</u>

Total income		<u>504,045</u>
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## EXPENSES:

Service fees		523,949
Restructuring expenses (Note 5)		(13,692)
Other operating expenses		<u>118,034</u>

Total expenses		<u>628,291</u>
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LOSS BEFORE INCOME TAX BENEFIT		(124,246)
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INCOME TAX BENEFIT (Note 6)		<u>(380,697)</u>
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NET INCOME	\$	<u><u>256,451</u></u>
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*The accompanying notes are an integral part of these financial statements.*

**SUN LIFE FINANCIAL DISTRIBUTORS, INC.**  
(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**YEAR ENDED DECEMBER 31, 2014**

	<u>Shares</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Total Stockholder's Equity</u>
BALANCE - January 1, 2014	4,005	\$ 400,500	\$ 312,493,362	\$ (290,726,838)	\$ 22,167,024
Net income	-	-	-	256,451	256,451
BALANCE - December 31, 2014	<u>4,005</u>	<u>\$ 400,500</u>	<u>\$ 312,493,362</u>	<u>\$ (290,470,387)</u>	<u>\$ 22,423,475</u>

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

**SUN LIFE FINANCIAL DISTRIBUTORS, INC.**

(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

**STATEMENT OF CASH FLOW  
YEAR ENDED DECEMBER 31, 2014**

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ 256,451
Adjustments to reconcile net income to net cash provided by operating activities:	
Deferred federal tax expense	12,967
Deferred state tax expense	5,645
Changes in assets and liabilities:	
Receivable from affiliates	301,760
State tax payable - Affiliate	194,001
Prepaid expenses	(5,535)
Restructuring	(25,576)
Accrued expenses	15,274
Payable to affiliates	(22,474)
Federal tax receivable/payable - Affiliate	(577,182)
	<hr/>
Net cash provided by operating activities	155,331
CASH AND CASH EQUIVALENTS - Beginning of year	<hr/> 25,478,678
CASH AND CASH EQUIVALENTS - End of year	<hr/> \$ 25,634,009
SUPPLEMENTAL INFORMATION:	
Federal income tax refunded - Affiliate	<hr/> \$ 16,483
State income tax payment - Affiliate	<hr/> \$ 355

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

## SUN LIFE FINANCIAL DISTRIBUTORS, INC.

(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

### NOTES TO FINANCIAL STATEMENTS AS OF DECEMBER 31, 2014

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#### 1. BUSINESS AND ORGANIZATION

Sun Life Financial Distributors, Inc. (the “Company”) is a Financial Industry Regulatory Authority (“FINRA”) registered broker-dealer. The Company is a wholly owned subsidiary of Sun Life Financial (U.S.) Holdings, Inc. (the “Parent”). The Parent contributes additional capital, as necessary for the Company to maintain all net capital requirements. The Company distributed certain insurance products issued by Sun Life Assurance Company of Canada (“Sun Canada”), an affiliated company. The Company does not carry securities accounts for customers or perform securities custodial functions.

The Company operates under a Principal Underwriter’s Agreement with Independence Life and Annuity Company (“ILAC”), an affiliated life insurance company. In accordance with the terms of this agreement the Company serves as the principal underwriter with respect to the closed block of single-premium variable life insurance policies sold by ILAC.

#### 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 (“GAAP”).

***Use of Estimates*** — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

***Cash and Cash Equivalents*** — Cash and cash equivalents consist of cash and highly liquid investments with remaining maturities of three months or less when purchased. At December 31, 2014, cash equivalents consisted of an investment in an unaffiliated money market fund.

***Income and Expenses*** — The Company operates under a Wholesaling Agreement with Sun Canada whereby it continues to receive fee income through additional and conversion premiums for providing distribution services for certain insurance products previously sold by Sun Canada.

Underwriting fee income is earned pursuant to the Principal Underwriting Agreement with the Company’s affiliate, ILAC.

Investment income relates to interest earned on the Company’s investment in a money market fund.

***Fair Value of Financial Instruments*** – Financial instruments, which include cash and cash equivalents, receivables, and payables, approximate their fair values because of the short-term maturities of these assets and liabilities.

## **SUN LIFE FINANCIAL DISTRIBUTORS, INC.**

(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

### **3. RELATED-PARTY TRANSACTIONS**

The accompanying financial statements have been prepared from the separate records maintained by the Company and reflect significant balances and transactions with affiliates. Such financial statements may not be indicative of the conditions that would have existed or the results of operations if the Company had not been operated as an affiliated company.

The Company's distribution fee income as shown on the statement of operations is earned 100% from an affiliate.

The Company has an administrative services agreement with an affiliate company, Sun Canada, under which the Company has agreed to pay fees for services provided. Included in service fees, for year ended December 31, 2014, is \$297,563 of expense related to this agreement.

The Company has a Principal Underwriter's Agreement with an affiliate company, ILAC under which the Company is reimbursed for the cost of services provided by the Company. For the year ended December 31, 2014, the company received fees of \$470,668 pursuant to this agreement which is recorded as underwriting fee income in the Statement of Operations.

### **4. FAIR VALUE MEASUREMENTS**

The following section applies the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 fair value hierarchy and disclosure requirements to the Company's financial instruments that are carried at fair value. 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. FASB ASC Topic 820 does not change existing guidance as to whether or not an instrument is carried at fair value.

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 Company uses various methods including market, income and cost approaches. The Company utilizes valuation techniques that maximize the use of observable inputs and minimizes the use of unobservable inputs.

The Company has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level hierarchy. 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.

During the year ended December 31, 2014, there were no changes to either the Company's valuation techniques or the related inputs.

Level 1 inputs are observable inputs that reflect quoted prices for identical assets or liabilities in active markets that the Company has the ability to access at the measurement date. Level 2 inputs are observable inputs, other than quoted prices included in Level 1, for the asset or liability or prices for

## SUN LIFE FINANCIAL DISTRIBUTORS, INC.

(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

### 4. FAIR VALUE MEASUREMENTS (CONTINUED)

similar assets and liabilities. Level 3 inputs are unobservable inputs reflecting the reporting entity's estimates of the assumptions that market participants would use in pricing the asset or liability.

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.

The Company has cash equivalents of \$25,475,924 measured at fair value on a recurring basis as of December 31, 2014. Cash equivalents is considered a Level 1 fair value asset due to the short-term nature and liquidity of the balance.

The Company does not have any liabilities that are measured at fair value on a recurring basis as of December 31, 2014.

The Company determines transfers between levels based on the fair value of each security as of the beginning of the reporting period. During the year ended December 31, 2014, the Company did not have any transfers between levels.

### 5. RESTRUCTURING

On December 12, 2011, Sun Life Financial Inc., the Company's ultimate parent, announced a restructuring of its US operations. As a result, the US domestic variable annuity and individual life products were closed to new sales effective December 30, 2011. Therefore, effective December 31, 2011 the Company no longer distributed the annuity and insurance products of Sun Canada, 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)").

For the year ended December 31, 2014, the Company recorded a credit of \$13,692 due to a change in the restructuring estimate. Restructuring costs are recognized when there is a detailed plan that identifies the business and locations impacted and the number of employees who will receive termination benefits, as well as the expenditures to be made and when the plan will be implemented. The provision for the restructuring includes the Company's best estimate of the expenditures that will be required to settle its obligations under the plan and includes only costs that are the result of the restructuring and not associated with the Company's ongoing activities.

For the year ended December 31, 2014, the change in the restructuring costs have been reported as restructuring expenses in the statement of operations.

As of December 31, 2014, there is no remaining restructuring liability. Following is a roll forward of the restructuring liability from December 31, 2013 to December 31, 2014.

Restructuring liability balance at December 31, 2013	\$ 25,576
Cash payments	(11,884)
Change in estimate	<u>(13,692)</u>
Restructuring liability balance at December 31, 2014	<u><u>\$ -</u></u>

## **SUN LIFE FINANCIAL DISTRIBUTORS, INC.**

(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

### **6. INCOME TAXES**

The Company accounts for income taxes in accordance with FASB ASC Topic 740, "Income Taxes". Deferred income taxes are recognized when assets and liabilities have different values for financial statement and tax reporting purposes, and for other temporary taxable and deductible differences as defined by FASB ASC Topic 740. The effect on deferred taxes of a change in the tax rates is recognized in income in the period that includes the enactment date.

The Company is included in the consolidated/combined tax return of the Parent and certain affiliates for state and federal income tax reporting. The method of allocation of the total consolidated/combined income tax among members of the consolidated/combined tax group is subject to a written agreement, approved by the Board of Directors. Under the current tax allocation agreements, federal and state income amounts are allocated among members of the consolidated/combined tax group based upon separate return calculations with current credit for losses that were utilized by the consolidated/combined tax group. Under this approach, the Company's deferred tax assets and tax attributes are considered realized by it so long as the group is able to recognize (or currently use) the related deferred tax asset or attribute. Thus the need for a valuation allowance is determined at the consolidated return level rather than at the level of the individual entities comprising the consolidated group. Intercompany tax balances are settled on a quarterly basis within 30 days following a federal or state tax payment.

Certain provisions of FASB ASC Topic 740 prescribe a recognition threshold and measurement attribute for tax positions taken or expected to be taken in a tax return, and policies on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The Company recognizes interest and penalties accrued related to unrecognized tax benefits ("UTBs") in other operating expenses on the statement of operations.

In 2012, the Massachusetts Department of Revenue ("MA DOR") completed its audit of the 2009 tax year for the combined return. As the result of the audit, MA DOR allocated additional revenue to the Company as compensation for services rendered to insurance affiliates and assessed additional tax and associated interest penalties. MA DOR's position is that the Company's intercompany transfer pricing was not appropriate. The Company is in the process of appealing this assessment. In 2013, MA DOR commenced the audit of the 2010 and 2011 tax years for the combined return. No proposals have been issued to date but it is the Company's expectation that MA DOR will propose a similar adjustment to each of 2010 and 2011 tax years.

In assessing the revenue adjustment proposed by MA DOR, the following strong arguments against the adjustment were considered. The financial services industry, as a whole, has experienced significant turmoil beginning in 2007, which resulted in Sun Life's variable annuity business experiencing a significant financial loss. This loss ultimately led to the close of Sun Life's annuity business to new sales in December 2011. As the distributor of this line of business, the Company was impacted by the decrease in new sales while having to maintain its fixed costs, which resulted in net operating losses for consecutive years since 2007. As a result of closing the variable annuity business, the Company no longer distributes the annuities and certain insurance products of Sun Canada, Sun Life (U.S.) and SunLife (NY) effective December 31, 2011 and therefore believes they have no exposure to the tax position for any periods subsequent to 2011. For all the periods, the Company operated under executed intercompany agreements with Sun Life (U.S.) and Sun Life (NY) to be compensated for the distribution of the annuity products. The intercompany agreements were reviewed and approved by DE and NY state insurance commissioners.

**SUN LIFE FINANCIAL DISTRIBUTORS, INC.**

(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

**6. INCOME TAXES (CONTINUED)**

The Company has recorded a liability for unrecognized tax benefits of \$2,223,488, interest of \$406,204 and penalties of \$561,568. This liability represents the Company's estimated liability to settle this issue for the years 2009 through 2011 at Appeals as the Company believes it is more likely than not that it will be successful in settling this issue at Appeals. An estimate of the range of changes to the amounts of unrecognized tax benefits within 12 months of the reporting date cannot be made.

A reconciliation of the beginning and ending amount of uncertain tax benefits is as follows:

	<b><u>2014</u></b>
Beginning uncertain tax benefits	\$2,737,575
Prior year – decreases	514,087
Prior year – increases	-
Current year – decreases	-
Current year – increases	-
Ending uncertain tax benefits	<u>\$2,223,488</u>

Included in the balance of unrecognized tax benefits at December 31, 2014 are \$2,223,488 of tax benefits that, if recognized, would affect the effective tax rate.

The Internal Revenue Service ("IRS") is currently auditing the 2010, 2011, 2012 and 2013 tax years for the consolidated return which began in Q2 2014. As of December 31, 2014 the 2003 through 2009 tax years for the consolidated return are still in the appeals process with the IRS with the expectation to close 2003 and 2004 in Q1 2015. While the final outcome of the ongoing tax examination for the remaining open years is not yet determinable, the Company does not believe that any adjustments would be material to its financial position. Tax years prior to 2003 are closed to examination and audit adjustments under the applicable statute of limitations.

A summary of the components of the tax benefit in the statements of operations for the year ended December 31, 2014 is as follows:

	<b><u>2014</u></b>
Current tax expense (benefit):	
Federal	\$ (593,665)
State	<u>194,356</u>
Total current tax benefit	<u>(399,309)</u>
Deferred tax expense:	
Federal	12,967
State	<u>5,645</u>
Total deferred tax expense	<u>18,612</u>
Total tax benefit	<u>\$ (380,697)</u>

## SUN LIFE FINANCIAL DISTRIBUTORS, INC.

(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

### 6. INCOME TAXES (CONTINUED)

Federal income taxes attributable to the Company's operations are different from the amounts determined by multiplying income before federal income taxes by the expected federal income tax rate at 35%. The Company's effective rate differed from the federal income tax rate for the year ended December 31, 2014 as follows:

	<u>2014</u>
Expected tax benefit at U.S. statutory rate	\$ (43,483)
Permanent adjustments:	
Release FIN48 tax contingency	(514,087)
State Tax Contingency	168,342
State tax income benefit (net of federal impact)	20,577
Other	(12,046)
Total income tax expense	\$ <u>(380,697)</u>

The deferred tax asset represents the tax effects of temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and the amounts used for income tax purposes, as well as the impact of UTBs. The components of the Company's deferred tax asset as of December 31, 2014 were as follows:

	<u>2014</u>
Deferred tax asset:	
Accrued interest on MA DOR Assessment	\$ 142,528
Other	(125)
Total deferred tax asset	\$ <u>142,403</u>

### 7. NET CAPITAL REQUIREMENTS

As a registered broker-dealer, the Company is subject to the Securities and Exchange Commission's regulations and operating guidelines, including Rule 15c3-1 of the Securities and Exchange Act of 1934, 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, 2014 was \$21,689,293 which was greater than the required net capital of \$229,013 by \$21,460,280. The ratio of aggregate indebtedness to net capital was 0.16 to 1.

### 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. The Company does not otherwise hold funds or securities for, or

**SUN LIFE FINANCIAL DISTRIBUTORS, INC.**

(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

owe money or securities to, customers. The Company files an Exemption Report under Rule 17a-5 paragraph (d) (4).

**9. CONTINGENCIES**

The Company is subject to various threatened or pending legal actions and claims that have arisen in the ordinary course of business. In the opinion of management, the ultimate resolution of such legal proceedings and claims will not be materially adverse to the Company's financial position, results of operations or cash flows.

**10. SUBSEQUENT EVENTS**

Management has evaluated events subsequent to December 31, 2014 and through the Company's financial statement issuance date noting there are no subsequent events requiring disclosure.

\* \* \* \* \*

**SUN LIFE FINANCIAL DISTRIBUTORS, INC.**

(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

**SUPPLEMENTAL SCHEDULE OF COMPUTATION OF NET CAPITAL REQUIRED  
UNDER RULE 15C3-1 OF THE SECURITIES EXCHANGE ACT OF 1934  
AS OF DECEMBER 31, 2014**

	<u>2014</u>
CAPITAL:	
Stockholder's equity	\$ 22,423,475
DEDUCTIONS — Nonallowable assets:	
Receivable from affiliates	19,496
Deferred federal tax asset – Affiliate	142,047
Deferred state tax asset – Affiliate	356
Federal tax receivable	38,765
Prepaid expenses	24,000
Total deductions	<u>224,664</u>
NET CAPITAL BEFORE HAIRCUTS ON SECURITIES POSITIONS	22,198,811
HAIRCUTS ON SECURITIES POSITIONS	<u>(509,518)</u>
NET CAPITAL	<u>\$ 21,689,293</u>
AGGREGATE INDEBTEDNESS:	
Total liabilities	<u>\$ 3,435,198</u>
MINIMUM DOLLAR NET CAPITAL REQUIREMENT OF BROKER-DEALER (The greater of 6-2/3% of aggregate indebtedness, or \$5,000)	<u>\$ 229,013</u>
EXCESS NET CAPITAL	<u>\$ 21,460,280</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>0.16</u>

NOTE: There were no material differences between the amounts presented above and the amounts reported in the Company's unaudited FOCUS amended report as of December 31, 2014, filed on February 26, 2015.

**SUN LIFE FINANCIAL DISTRIBUTORS, INC.**

(A Wholly Owned Subsidiary of Sun Life Financial (U.S.) Holdings, Inc.)

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS AND  
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENT FOR  
BROKERS AND DEALERS PURSUANT TO RULE 15c3-3 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934  
AS OF DECEMBER 31, 2014**

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The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(1) of Rule 15c3-3. As a result the Company files an Exemption Report as of December 31, 2014.



Megan L. Carlson  
Senior Paralegal  
Law Department

Sun Life Financial U.S.  
Operations  
SC 2335  
One Sun Life Executive Park  
Wellesley Hills, MA 02481  
Tel: 781-446-1173  
800-432-1102 x 3031173  
[Megan.carlson@sunlife.com](mailto:Megan.carlson@sunlife.com)

**SEC**  
**Mail Processing**  
**Section**

MAR 02 2015

**Washington DC**  
**404**

VIA OVERNIGHT MAIL

February 27, 2015

U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549

**Re: Sun Life Financial Distributors, Inc.**  
**(f/k/a MFS/Sun Life Financial Distributors, Inc.)**  
**Annual Audited Report and Financial Statements (CRD # 5496)**

Commission Staff:

Enclosed for filing are two original Annual Audited Reports and Certified Financial Statements for the above-referenced broker-dealer for the year ended December 31, 2014. These audited financial statements are presented for filing in accordance with Rule 17a-5 under the Securities Exchange Act of 1934.

I've also enclosed two copies of the 2014 Certification of Exclusion from Membership of the SIPC, from the above-referenced broker-dealer.

Please feel free to contact me at (800) 786-5433 x 3031173 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Megan Carlson".

Megan Carlson  
Sr. Paralegal

Enclosures

Sun Life Financial Distributors, Inc.  
Exemption Report  
Year Ended December 31, 2014

Sun Life Financial Distributors, Inc. (the "Company") is a registered broker-dealer subject to Rule 17a-5 promulgated by the Securities and Exchange Commission (17 C.F.R. §240.17a-5, "Reports to be made by certain brokers and dealers"). This Exemption Report was prepared as required by 17 C.F.R. § 240.17a-5(d)(1) and (4). To the best of its knowledge and belief, the Company states the following:

- a. The Customer Protection rule 15c3-3 does not apply as the Company does not receive or hold funds or securities for any customer account. The Company claimed an exemption from 17 C.F.R. § 240.15c3-3 under the following provisions of 17 C.F.R. § 240.15c3-3 (k): (1) on its Focus reports reflecting limited business (mutual funds and / or variable annuities only).
- b. The Company met the identified exemption provisions throughout the period June 1, 2014 to December 31, 2014, without exception.

Sun Life Financial Distributors, Inc.

I, Jane F. Jette, swear (or affirm) that, to the best knowledge and belief, this Exemption Report is true and correct.

By: Jane F. Jette  
Jane. F. Jette

Title: Financial Operations Principal and Treasurer

February 27, 2015

Sun Life Financial Distributors, Inc.

Year Ended December 31, 2014

Reconciliation of the Company's Original Focus Report Filed on 1/26/2015

To the Company's Amended Focus Report Filed on 2/26/2015

	Original Report	Amended Report	Change
Assets – Page 1:			
Line 11 Other assets	252,115	205,168	(46,947)
Expenses – Page 5:			
Line 15 Other expenses	210,778	210,900	122
Line 18 Provision for federal income tax	(52,236)	(5,408)	46,828
Line 22 Net income	(97,020)	(143,970)	46,950

Reconciliation of change:

Change in other assets (non allowable)	(46,947)
Change in net income	46,950
Rounding	(3)
Total	0

The above differences between the Original Focus Report and the Amended Focus Report reflect a refinement in the Company's FIN 48 analysis as part of the annual audit, resulting in an impact to the income tax liability and the associated interest and penalties.

The Company's net capital as reported on Page 3 Line 10 did not change materially (\$3 rounding).

There are no material differences between the unaudited Amended Focus Report and the Annual Audited Report.



Michelle Greco  
AVP & Senior Counsel  
Law Department

Sun Life Financial Distributors, Inc.  
One Sun Life Executive Park, SC2335  
Wellesley Hills, MA 02481-5699

Tel: (781) 446-1799  
(800) 432-1102 ext. 1799  
Fax: (781) 237-0707  
michelle.greco@sunlife.com

January 6, 2015

Securities Investor Protection Corporation  
805 15<sup>th</sup> Street NW  
Suite 800  
Washington, DC 20005-2215

**RE: Sun Life Financial Distributors, Inc. ("SLFD")**

---

Dear Sir or Madam:

Please find enclosed a completed Form SIPC-3 FY 2015 Certification of Exclusion from Membership submitted on behalf of SLFD. If you have any questions, please do not hesitate to contact me at the above number.

Sincerely,

A handwritten signature in black ink, appearing to read "MG", written over a horizontal line.

Michelle Greco  
AVP & Senior Counsel

Enclosure

From: (781) 446-1814  
 Joy Speranza  
 Sun Life Financial  
 One Sun Life Executive Park  
 Wellesley Hills, MA 02481

Origin ID: PMXA



Ship Date: 06JAN15  
 ActWgt: 0.5 LB  
 CAD: 9212711/INET3550

Delivery Address Bar Code

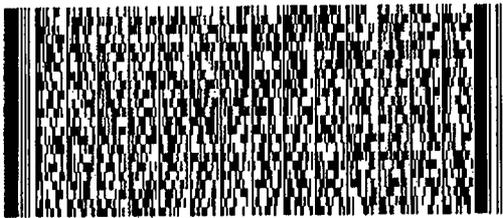


SHIP TO: (202) 371-8300 **BILL SENDER**  
**Securities Investor Protection Corp**  
**Securities Investor Protection Corp**  
 805 15th Street NW  
 Suite 800  
 Washington, DC 20005

Ref # 430949  
 Invoice #  
 PO #  
 Dept #

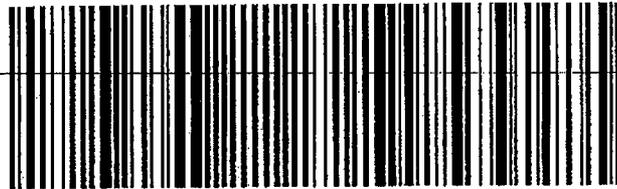
**WED - 07 JAN AA**  
**STANDARD OVERNIGHT**

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**IAD**



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2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

**Warning:** Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number. Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our ServiceGuide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

Securities Investor Protection Corporation  
805 15th Street NW, Suite 800  
Washington, DC 20005-2215

Forwarding and Address Correction Requested

SIPC-3 2015

8-

8-016198 FINRA DEC 12/30/1970  
SUN LIFE FINANCIAL DISTRIBUTORS INC  
ATTN: LEGAL DEPARTMENT  
ONE SUN LIFE EXECUTIVE PK SC 2335  
WELLESLEY HILLS, MA 02481-5699

Check appropriate boxes.

(i) its principal business, in the determination of SIPC, taking into account business of affiliated entities, is conducted outside the United States and its territories and possessions;\*

(ii) its business as a broker-dealer is expected to consist exclusively of:

(I) the distribution of shares of registered open end investment companies or unit investment trusts;

(II) the sale of variable annuities;

(III) the business of insurance;

(IV) the business of rendering investment advisory services to one or more registered investment companies or insurance company separate accounts;

(iii) it is registered pursuant to 15 U.S.C. 78o(b)(11)(A) as a broker-dealer with respect to transactions in securities futures products;

Pursuant to the terms of this form (detailed below).

x John C. AVP + Sr Counsel 1/20/15  
Authorized Signature/Title Date

Securities Investor Protection Corporation  
805 15th Street NW, Suite 800  
Washington, DC 20005-2215

Form SIPC-3

FY 2015

**Certification of Exclusion From Membership.**

TO BE FILED BY A BROKER-DEALER WHO CLAIMS EXCLUSION FROM MEMBERSHIP IN THE SECURITIES INVESTOR PROTECTION CORPORATION ("SIPC") UNDER SECTION 78ccc(a)(2)(A) OF THE SECURITIES INVESTOR PROTECTION ACT OF 1970 ("SIPA").

The above broker-dealer certifies that during the year ending December 31, 2015 its business as a broker-dealer is expected to consist exclusively of one or more of the following (check appropriate boxes):

- (i) its principal business, in the determination of SIPC, taking into account business of affiliated entities, is conducted outside the United States and its territories and possessions;\*
- (ii) its business as a broker-dealer is expected to consist exclusively of:
- (I) the distribution of shares of registered open end investment companies or unit investment trusts;
- (II) the sale of variable annuities;
- (III) the business of insurance;
- (IV) the business of rendering investment advisory services to one or more registered investment companies or insurance company separate accounts;
- (iii) it is registered pursuant to 15 U.S.C. 78o(b)(11)(A) as a broker-dealer with respect to transactions in securities futures products;

and that, therefore, under section 78ccc(a)(2)(A) of SIPA it is excluded from membership in SIPC.

\*If you have any questions concerning the foreign exclusion provision please contact SIPC via telephone at 202-371-8300 or e-mail at asksipc@sipc.org to request a foreign exclusion questionnaire.

The following bylaw was adopted by the Board of Directors:

Interest on Assessments.

... If any broker or dealer has incorrectly filed a claim for exclusion from membership in the Corporation, such broker or dealer shall pay, in addition to all assessments due, interest at the rate of 20% per annum of the unpaid assessment for each day it has not been paid since the date on which it should have been paid.

In the event of any subsequent change in the business of the undersigned broker-dealer that would terminate such broker-dealer's exclusion from membership in SIPC pursuant to section 78ccc(a)(2)(A) of the SIPA, the undersigned broker-dealer will immediately give SIPC written notice thereof and make payment of all assessments thereafter required under section 78ddd(c) of the SIPA.

Sign, date and return this form no later than 30 days after the beginning of the year, using the enclosed return envelope.

Retain a copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

Change of Address. If the Broker-Dealer's principal place of business has changed, please make the necessary corrections.

Legal Name

Doing Business As (d/b/a)

Business Address

Mailing Address

Business Address continued

Mailing Address continued

Business City/State/Zip

Mailing City/State/Zip

Phone Number

Alternate Phone Number

Fax Number

Primary Contact

Email Address

