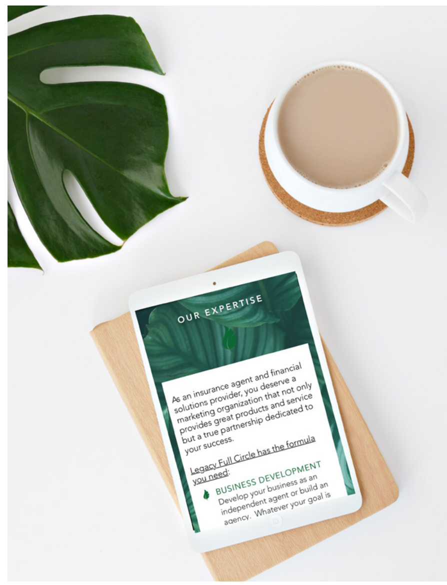
LEGACY
FULL CIRCLE

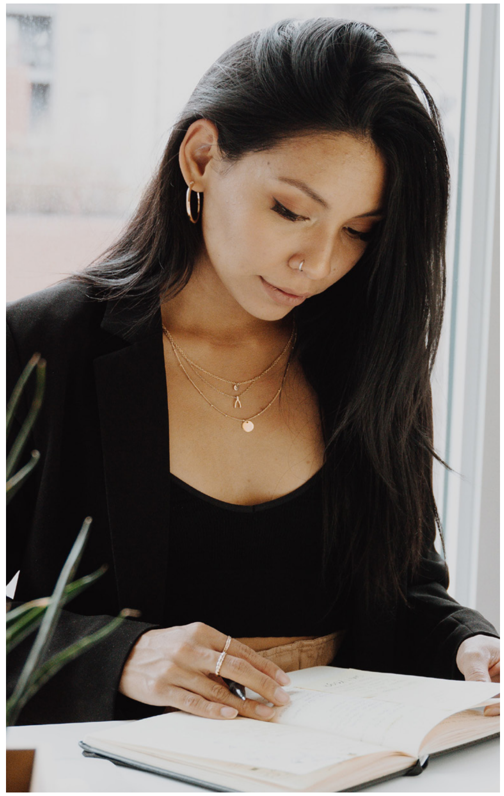
LSW 1/21

*commission percentages, advance percentages and advance maximum allowable vary by carrier, product & age of client. Examples are for agency training purposes only.

*chargeback schedules apply, details available on contracting forms and vary per carrier.

Commissions 101





LIFE As Earned Commission Formula

ADVANCED COMMISSIONS FORMULA:

Target Premium = Monthly Target

Monthly Target Premium X Commission Percentage
= **Monthly Deposited Commission Total**

This formula is for the first 12 months / Year 1 commissions only

LIFE
As Earned
Commission
Example

LIFE "**AS EARNED**" COMMISSION EXAMPLE

Let us use a premium payment that is equal to target premium:

Indexed Universal Life policies use a Target premium to base commissions off of . Meaning the full contribution would not be used in the formula to calculate commission amount as there is an "over funding amount" that is paid at a different percentage.

Our example below is assuming $250 monthly target premium ($3,000 annual target amount)
&
selected an "**as earned** "/ "trail" commission
Year 1 would be $250.00 monthly @ 75% commission rate
= $187.50 monthly commissionable amount

$187.50 monthly deposited commission for 12 months

On month 12 the total commission received $2,250.00

Year 2 (renewal/ trail commissions) will be at a different rate and can be found under "RENEWAL COMMISSIONS" breakdown

LIFE Advanced Commission Formula

ADVANCED COMMISSIONS FORMULA:

Target Premium X 12 months **= Annualized Target Premium**

Annualized Target Premium X Commission Percentage **= Year 1 Commission Total**

Year 1 Commission Total X 75% Advanced (max allowed & varies by carrier) = **Advanced Commission Total**

Remaining 25%:
Year 1 commission Total **–** Advanced Commission Total
= Commission Balance

Commission Balance **divided by** 3 months (10,11 &12)
= As Earned Amount to be deposited monthly til year 1 contract anniversary)

LIFE Advanced Commission Example

LIFE "**ADVANCED**" COMMISSION EXAMPLE:

Maximum Advanced allowed: 75% of total commission (equal to 9 months of clients premiums paid) & varies by carrier/product

Let us use a premium payment that is equal to target premium:

> Indexed Universal Life policies use a Target premium to base commissions off of . Meaning the full contribution would not be used in the formula to calculate commission amount as there is an "overfunding amount" that is paid at a different percentage.

Our example below is assuming $350 monthly premium ($4,200 annual) but $250 target premium ($3,000 annual target amount) on the policy

$350 monthly contribution -$250 monthly target amount = $100 excess overfund value (COMMISSION EXAMPLE ON EXCESS OVERFUND AMOUNT CAN BE FOUND ON THE NEXT PAGE)

$250 monthly X 12 months= $3000 annualized target premium.

$3,000 @ 75% commission = $2,250 (year 1 total commission)

With 75% max advanced and the remaining 25% as earned in months 10 10-12. Commission will be paid out as follows:

$2,250 X 75% advanced commission =$1,687.50 (EFT deposited amount from carrier)

The remaining 25% of commission will be paid out as follows:

$2,250 total commission -$1,687.50 advanced amount = $562.50 remaining balance

$562.50 as earned months 10,11 &12

As client pays their monthly premium you will be deposited $187.50 month 10, $187.50 month 11 and $187.50 month 12 = $562.50

LIFE Excess Overfund & Renewal Examples

LIFE “**EXCESS OVERFUND**” COMMISSION EXAMPLE:

In continuation of the commission example from the ADVANCE commission, below is the EXCESS OVERFUND.

$350 monthly contribution - $250 monthly target amount = $100 overfund

$100 monthly overfund X 12 months = $1200 annualized overfund premium

$1,200 X 1.75% overfund commission = $36 (year 1 total commission)

LIFE “**RENEWAL**” COMMISSION EXAMPLE:

RENEWAL will be based on total annual amount contributed (target + excess overfund) and paid starting years 2 2-10 (varies per carrier), there will be adjusted rates years 11+

$350 total monthly contribution X 12 months = $4,200 annualized renewal base

$4,200 X 1.75% renewal commission percentage (varies per carrier) = $73.50 renewal commission annualized amount

ANNUITY “**SINGLE PREMIUM**”
COMMISSION EXAMPLE:

For this example let us assume a rollover/transfer of $200k. We will use a commission percentage example of 5% (varies by carrier, product and age)

Client will also be contributing $250 monthly to their annuity plan. We call this “FLOW PREMIUM” (example can be found below the SP example)

$200k single premium X 5% = 10,000 total commission

ANNUITY “**FLOW PREMIUM PREMIUM**”
COMMISSION EXAMPLE:

In continuation of thee above example, client will also be contributing $250 monthly to their annuity plan. We call this “FLOW PREMIUM”

*Flow premium will be annualized and pay at a lower rate years 2+ (these rates vary by carrier and plan)

$250 flow premium X 12 months = $3,000 annualized premium

$3,000 X 5% commission percentage = $150 total commission

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ANNUITY Commission Example

**First Year*