

Commission Explanation

Life & Annuity

Updated: January 01-01-2024

The following information is provided for informational purposes and does not necessary reflect the current practices or procedures of FTM Financial Services, LLC., its' parents or affiliates, or any insurance company referenced. FTM Financial Services, LLC. and its' parents and affiliates take no responsibility for any errors, inaccuracies, or omissions contained herein.

Commission Processing Requirements

IF ONE OR MORE OF THE FOLLOWING IS MISSING, YOUR COMMISSIONS WILL NOT BE PROCESSED:

1. Current **State License** on file with FTM
2. Current **Errors & Omissions** (E&O) policy on file with FTM
3. Current **Anti-Money Laundering Training** (AML) on file with insurance company
4. **Product Training** Completed through the insurance company (state and company specific)
5. **Trade Desk E-Form** processed
6. ***Delivery Receipt*** received through *E-Form* (for Annuity only)
7. Policy is In-Force and commission actually received by FTM

Note: Insurance Company requirements must be updated and displaying on the applicable insurance company's website by Thursday for commissions to be processed the following Tuesday.

Trade Desk

E-Form

- All internal commission calculations are based on the **Trade Desk E-Form**
- This **E-Form** creates a policy submission in the FTM Backoffice by recording your **Contract Percentage** *at the time of submission*.

*your contract percentage for that policy is permanent after the e-form is submitted/
even if your personal contract level changes before the policy is issue-paid*

- It is impossible to process commissions on the FTM BackOffice without an **E-Form** on file.

Note: Trade Desk E-Form must be received by Friday to Commissions to be processed the following Tuesday.

Advance Caps

- There are Dollar limits to **Advanced** commissions, called **Advance Caps**, which are different for each insurance companies
 - This means that you will be not be paid the total amount expected upfront if the total advanced commissions for the policy (not just your portion) exceeds a certain amount.
 - **Advanced** commissions will pay upfront up to the cap amount and the remaining amount will be paid **As Earned**
 - For reference, the current advance cap amounts for some popular companies Are:
*\$3.,500 For Allianz., \$3,500 For F&G., \$3.,000 For AIG. **

*As Of January 2024. Subject to change without notice,

Personal Life Commissions Calculation Example

- Your **Contract Percentage** will depend on which pay grid applies to the product
- The current pay grids and product tables are available on the FTM Backoffice in the menu

[Resources](#) > [Compensation](#)

Total Commission =

Target Premium X Split% X Contract%

Example:

If **Target** is \$1,200, your **Spilt** is 75%, and you have a 75% **Contract%** for that product.

—————
 $\$1,200 \times 75\% \times 75\% = \textbf{\$675}$ Total
commission to you for that policy.

If advance rate is 75%,

\$506.25 Advanced, \$168.75 As

Earned

Please note: The following is a general explanation of how commissions are calculated and processed. This explanation does not take into account every circumstance or variable that may affect final compensation amounts nor does it necessarily represent the practices and procedures of any company or entity.

The Timing Of Life Commissions

If client pays **Monthly**:

- Commission is **Advanced**
- Advanced at 80% of target premium for F&G and 75% for most other carriers
- Remaining 20% or 25% of commissions paid after total client premium payments meet or exceed target premium in the first year

If client pays

Quarterly, Annually, Semi-Annually, or Other Method

- Commissions Paid **"As Earned"**
- **"As Earned"** means no commissions will be released until after total client premium payments meet or exceed target premium in the first year

Note: Policy must show as in force on insurance company website by Thursday to be processed the following Tuesday.

Timing Of Life Commission Example 1

Assumptions: Annual Premium of **\$1,500**, Target Premium of **\$1,200** and Client Pays Premiums **Monthly**

Month	Client Premium	Premium Earned	Total Commission Paid	Notes
1	\$125	\$125	\$960	80% advanced of target \$1,200 = \$960 paid upfront
2	\$125	\$250	\$0	
3	\$125	\$375	\$0	
4	\$125	\$500	\$0	
5	\$125	\$625	\$0	
6	\$125	\$750	\$0	
7	\$125	\$875	\$0	
8	\$125	\$1,000	\$40	\$1000 Earned - \$960 previously advance = \$40
9	\$125	\$1,125	\$125	target reached = no more commission paid after this point
10	\$125	\$1,250	\$0	
11	\$125	\$1,375	\$0	
12	\$125	\$1,500	\$0	

Total

\$1,500

\$1,200

Timing Of Life Commission Example 2

Assumptions: Annual Premium of **\$1,200**, Target Premium of **\$1,200** and Client Pays Premiums **Monthly**

Month	Client Premium	Premium Earned	Total Commission Paid	Notes
1	\$100	\$100	\$960	80% advanced of target \$1,200 = \$960 paid upfront
2	\$100	\$200	\$0	
3	\$100	\$300	\$0	
4	\$100	\$400	\$0	
5	\$100	\$500	\$0	
6	\$100	\$600	\$0	
7	\$100	\$700	\$0	
8	\$100	\$800	\$0	
9	\$100	\$900	\$0	
10	\$100	\$1,000	\$40	\$1000 Earned - \$960 previously advance = \$40
11	\$100	\$1,100	\$100	target reached = no more commission paid after this point
12	\$100	\$1,200	\$100	

Total

\$1,200

\$1,200

Chargebacks

- **Advanced** commissions are considered loans because the insurance company has not actually received all of the advanced amounts from the client at the time the commission is paid.
- If the client decides to cancel or stop payments, this results in a **Chargeback** (a previously paid commission that must be now be repaid).
- Chargebacks will *never be deducted directly from your Bank Account*
- Chargebacks will appear on your commission statement as negative amounts and they cancel out positive amounts you may have *received in previous months* or will cancel out

future amounts until the debt is "**Repaid.**"

Annuity Commission Basics

- Commissions for Annuities are based on the total amount contributed by the client in the first year
- Internal Annuity commissions are capped at \$12,500 total when processed.
- The remainder of capped Annuity commissions are released after the **Free Look Period** {Typically 30 Days}.
- **Annuity Delivery Receipts** must be sent through FTM E-Forms before commissions will be processed.

Total Commission =

Contribution Amount X Street Rate

X Split% X Contract% = Commission

Example:

Contribution Amount is \$100,000, the **Street Rate** is 6%, you have a 75% **Split%** for that product and your **Contract** is 75%

\$100,000 X 6% X 75% X 75% = \$3,375

Total Commission to you for that policy.

Personal

Annuity Commissions

Calculation Example

- **Street Rates** for popular Annuity products are available on the FTM Backoffice in the menu [Resources > Annuity Percentages](#)
- Your **Contract%** will depend on which pay grid applies to the product
- The current pay grids and product tables are available on the FTM Backoffice in the menu [Resources > Compensation](#)

1-Please note: The following is a general explanation of how commissions are calculated and processed. This explanation does not take into account every circumstance or variable that may affect final compensation amounts nor does it necessarily represent the practices and procedures of any company or entity.

2-Trade Secret: This item, document, or webpage contains confidential and proprietary information of FTM Financial Services, LLC and/or its affiliated companies

and is protected by copyright, trade secret, and other state and federal laws. Its receipt or possession does not convey any rights to reproduce, disclose its contents, or to manufacture, use, or sell anything it may describe. Reproduction or use without the specific written authorization of FTM Financial Services, LLC and/or its affiliated companies is strictly forbidden.