

COMMISSION PLAN AGREEMENT

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This Commission Plan Agreement (this "**Agreement**") is entered into as of [EFFECTIVE DATE] (the "**Effective Date**") by and between:

[COMPANY LEGAL NAME], a [STATE] [ENTITY TYPE] with its principal place of business at [COMPANY ADDRESS] (the "**Company**"); and

[EMPLOYEE/REP NAME], an individual residing at [ADDRESS] (the "**Participant**").

The Company and the Participant are each a "**Party**" and together the "**Parties**."

Recitals. The Company employs or engages the Participant in a sales role and wishes to set out the terms under which the Participant will earn sales commissions (the "**Plan**") for the Plan period described below. This Agreement defines how commissions are calculated, when they are earned, and when they are paid. It does not change the Participant's base compensation or the at-will nature of any employment, except as expressly stated. In consideration of the mutual promises below, the Parties agree as follows.

1. Plan Period and Eligibility

1.1 Plan period. This Plan applies to the period beginning [START DATE] and ending [END DATE / "until amended or terminated"] (the "**Plan Period**"). The Company may issue a new plan for each subsequent period.

1.2 Eligibility. The Participant is eligible to earn commissions under this Plan only while actively employed or engaged in the qualifying sales role and in good standing, subject to the earning rules in Section 3.

1.3 No guarantee of earnings. This Plan describes how commissions are calculated if and when sales occur. It does not guarantee any minimum commission, quota attainment, or level of earnings.

2. Commission Structure

2.1 Commission rate. The Participant will earn a commission equal to [PERCENTAGE]% of [NET REVENUE / GROSS SALES / MARGIN] on Qualifying Sales, or as set out in the rate schedule in Section 2.4.

2.2 Qualifying Sales. "**Qualifying Sales**" means sales of [PRODUCTS/ SERVICES] that are (a) sourced or closed by the Participant in accordance with Company policy, (b) booked and accepted by the Company, and (c) not excluded under Section 2.5.

2.3 Quota and accelerators. The Participant's quota for the Plan Period is [QUOTA AMOUNT]. [OPTIONAL: Describe any accelerators or tiered rates, e.g. a higher rate applies to sales above 100% of quota.]

2.4 Rate schedule. Commissions are calculated according to the following schedule, which controls if it conflicts with Section 2.1:

Attainment / Product	Commission Rate	Notes
[TIER OR PRODUCT]	[RATE]	[NOTES]
[TIER OR PRODUCT]	[RATE]	[NOTES]

2.5 Exclusions. No commission is earned on [e.g. taxes, shipping, discounts, returns, house accounts, renewals, or sales credited to another representative], or on amounts the Company does not actually collect.

3. When Commissions Are Earned and Paid

3.1 Earning event. A commission is "earned" only when [the customer pays in full / the order ships / the contract is signed AND the first invoice is paid], and all conditions in this Section are met. Booking a sale, alone, does not earn a commission.

3.2 Payment timing. Earned commissions are paid [MONTHLY / WITH THE NEXT REGULAR PAYROLL / WITHIN 30 DAYS OF THE EARNING EVENT], less required withholdings. The Company will provide a statement showing how each commission was calculated.

3.3 Advances and draws. [OPTIONAL: If a draw is offered, describe whether it is recoverable or non-recoverable and how it is reconciled against earned commissions.] Any recoverable draw not offset by earned commissions is a debt the Participant agrees to repay to the extent permitted by applicable law.

3.4 Chargebacks and clawbacks. If a sale is canceled, refunded, charged back, or not collected after a commission is paid, the Company may recover or offset the corresponding commission from future commissions or other amounts owed, to the extent permitted by applicable wage and labor law. Local wage law may limit or prohibit certain deductions; the Company will comply with that law.

4. Crediting and Disputes

4.1 Sales crediting. The Company will credit a sale to the Participant based on its crediting rules, including rules for split credit, team selling, and account ownership. The Company resolves crediting questions in good faith.

4.2 Statements. The Participant should review each commission statement and notify the Company in writing of any claimed error within [NUMBER, e.g. 30] days. Statements are deemed correct if not disputed within that period, absent manifest error.

4.3 Dispute process. The Parties will attempt in good faith to resolve any commission dispute through internal discussion before pursuing other remedies, and will comply with any wage-claim procedures required by applicable law.

5. Effect of Termination of Service

5.1 General rule. Except as required by applicable law or stated below, the Participant earns commissions only on Qualifying Sales for which the earning event in Section 3.1 occurs on or before the Participant's last day of service.

5.2 Post-termination commissions. [OPTIONAL: Describe any post-termination commissions, e.g. commissions on deals closed before separation that pay out after, and any cutoff. Note that some jurisdictions require payment of earned commissions after separation regardless of plan language.]

5.3 **Final pay.** The Company will pay all commissions that are earned and payable as of separation within the time required by applicable law. Nothing in this Plan waives any commission that local law deems earned.

6. Plan Administration and Changes

- 6.1 **Administration.** The Company administers this Plan and interprets its terms in good faith. Decisions on crediting, calculation, and eligibility are made by [ROLE/DEPARTMENT].
- 6.2 **Changes to the Plan.** The Company may modify or replace this Plan prospectively for future Plan Periods on written notice. The Company will not retroactively reduce commissions already earned. Changes will comply with any advance-notice requirements under applicable law.
- 6.3 **No assignment.** The Participant may not assign rights under this Plan. The Company may assign this Plan to a successor.

7. General Provisions

- 7.1 **At-will status preserved.** Nothing in this Plan creates a contract of employment for any term or alters any at-will employment relationship, except as required by a separate written agreement or applicable law.
- 7.2 **Compliance with law.** The Parties will comply with all applicable wage, labor, and tax laws. If any term conflicts with a mandatory provision of applicable law, that law controls and the rest of this Plan remains in effect.
- 7.3 **Governing law and venue.** This Agreement is governed by the laws of the State of [STATE], without regard to its conflict-of-laws rules. The Parties submit to the exclusive jurisdiction of the state and federal courts located in [COUNTY, STATE].
- 7.4 **Entire agreement; amendment.** This Agreement is the entire agreement between the Parties on its subject and supersedes prior commission plans, except as it expressly incorporates Company policies. It may be amended only as Section 6.2 allows or by a writing signed by both Parties.
- 7.5 **Severability and waiver.** If any provision is unenforceable, the rest remains in effect. A Party's failure to enforce a provision is not a waiver.
- 7.6 **Counterparts and electronic signature.** This Agreement may be signed in counterparts and by electronic signature, each of which is an original and all of which together form one agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

COMPANY	PARTICIPANT
Signature: _____	Signature: _____
Printed name: [NAME]	Printed name: [NAME]
Title: [TITLE]	Title: N/A
Date: _____	Date: _____

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