



# compensation**plan**

# Understanding the Basics

Life's Abundance offers a fair and highly comprehensive compensation plan. In fact, our compensation plan has five different ways you can earn money.

First, let's become acquainted with the concepts that form the basic building blocks of the compensation plan.

## **Commissionable vs. Non-Commissionable Products**

We sell two types of products: commissionable products and non-commissionable products. A commissionable product is one that pays out a commission, while a non-commissionable product never pays out a commission of any type. The majority of the products that we sell are commissionable.

As a general rule, products sold to customers are commissionable. Examples of non-commissionable products include sales aids like product catalogs, sell sheets and product samples. Thus, with regards to this document, non-commissionable products are excluded. *All references to products in the Compensation Plan are applicable to commissionable products only.*

## **Commissionable Sales**

Each commissionable product has an assigned Commissionable Sales (CS) amount. The Commissionable Sales is important because most of the bonuses referenced in the rest of the Compensation Plan are based upon a percentage of Commissionable Sales (CS).

The CS amount varies by product, but it is always less than the wholesale price of the product.

This is due to many factors, including different manufacturing costs and the need to ensure Life's Abundance products remain competitively priced in the marketplace.

For example, two products may both have a wholesale price of \$10.00. Let's say Product A has a CS of \$8.00 and Product B has a CS of \$7.00. Product A may have a higher CS because it costs less to manufacture than product B.

In the event that a product is sold for less than the wholesale price, the CS is also reduced proportionately. For example, if the wholesale price of Product A is \$10.00, with a CS of \$8.00, and Product A was sold for \$7.50 during a special sale, the CS on Product A for that sale would be reduced to \$6.00.

The CS amount for each product is listed in the Field Rep Price List, which can be viewed or printed from the "Business Center" section of your Replicator Site. The next terms that are important to understand are Personal Sales and Personal Commissionable Sales.

## **Personal Commissionable Sales**

Personal Commissionable Sales (PCS) is the total Commissionable Sales (CS) value of all products purchased by you and your customers.

## **Personal Sales**

All commissionable products have a Personal Sales (PS) value. The Personal Sales value of any product is its wholesale price. However, in the event that a product is sold for less than the wholesale price, the PS value of that product will be equal to the actual price paid.

For example, if the wholesale price of Product A is \$10.00, the PS is also \$10.00. But, if Product A goes on sale and is sold at a special price of \$7.50, the PS on Product A for that sale becomes \$7.50.

Your Personal Sales (PS) volume is the total PS of all products purchased by you and your customers.

### **How and When Do I Get Paid?**

Before we discuss the five different ways you can earn money, here's how and when you will get paid.

#### **Method of Payment**

Life's Abundance pays all commissions electronically (i.e., no paper checks).

**IMPORTANT:** If you have not already done so, please go to [lifesabundance.com](http://lifesabundance.com), log in to the "My Account" section and click on the "Commission Payment Options" link.

#### **Pay Periods for Commissions**

Commission pay periods start on the first day of the month and end on the last day of the month at midnight Eastern Time.

#### **Quick Start Bonus Commissions**

Quick Start Bonuses are paid monthly, on the 7th of the month for commissions earned the previous month. For example, if a customer of yours makes a first-time purchase of Agility Formula for Dogs & Cats in January, we would pay the Quick Start Bonus on the 7th of February. If the 7th is not a banking day, the payment will be made either the banking day before, or the banking day after the 7th.

#### **Regular Monthly Commissions**

All commissions (other than Quick Start Bonuses) are paid monthly, on the 20th of the month for bonuses earned the previous month. For example, your monthly commission payment for commissions earned in January will be paid on the 20th of February. However, if the 20th is not a banking day, the payment will be made either the banking day before, or the banking day after the 20th.

To qualify to receive regular monthly commissions for any given month, you must have at least \$50 in Personal Sales for that month. ***If your PS does not reach \$50 for any given month, you will forfeit commissions for that month.***

#### **Commission Payment Minimum**

Life's Abundance has a \$10.00 commission payment minimum. If you earn less than \$10.00 in commissions, your commissions are held until you accumulate enough commissions to achieve the \$10.00 minimum.



### **The Five Ways to Earn Money**

Now that we have covered the basics, here are the five different ways you can earn money.

- 1. Quick Start Bonus**
- 2. Retail Profit**
- 3. Retail Bonus**
- 4. Foundation Bonus**
- 5. Star Club Bonus Pools**

## Selling to Customers

This section covers the three ways you can earn by selling to customers:

### **1 Quick Start Bonus**

Some Field Reps invest funds to acquire new customers and Field Representatives in their organization. For instance, you may give a prospect items such as catalogs, product samples, or even take them out to lunch.

The Quick Start Bonus was created to help you build your business more quickly by helping you to recoup your investments faster, so you can reinvest and continue to grow your business. The concept is simple ... *when one of your customers or one of your personally sponsored Field Representatives buys a commissionable product with a Quick Start Bonus for the first time, you receive that bonus.*

A Quick Start Bonus is paid on one unit of any product. For example, if a customer makes a first-time purchase of three of any commissionable product, you are paid a Quick Start Bonus on one unit only. You will receive regular commissions on the other two units.

Quick Start Bonuses are paid out once per month and they are usually significantly more than other bonuses paid on a particular product. We can pay out more money on the Quick Start Bonuses because, unlike other bonuses, Quick Start Bonuses do not go upline, so you receive 100% of the commissions from that sale.

You do not have to qualify to receive Quick Start Bonuses.

## 2 Retail Profit

Retail Profit is the difference between what you pay as a Field Rep for a product (wholesale price) and what your customer pays for that product.

### Customer Direct Sales

When your customers purchase products for more than the wholesale price directly from the company either over the phone or on your Replicator Site, you will receive the Retail Profit in your monthly commission payment. For example, if a customer purchases a retail-priced product at \$50.00 and the wholesale price is \$40.00, your Retail Profit is \$10.00.

### Personal Inventory Sales

When you purchase products, you can resell these products at the suggested retail prices and earn Retail Profit. For example, if you purchase a product at \$40.00 and sell it at the retail price of \$50.00, your Retail Profit is \$10.00. Of course, when you sell product out of your personal inventory, you earn the Retail Profit directly, so the \$10.00 would not be included in your commission payment.

Under no circumstances should you buy more products than you can resell or use in one month.

## 3 Retail Bonus

Retail Bonuses reward you for building a customer base.

You can receive a Retail Bonus monthly. Your monthly Personal Sales (PS) is used to determine your eligibility for a 5% to 20% Retail Bonus. This bonus is calculated based on your total Personal Commissionable Sales (PCS) for any given month.

As you can see from the chart below, when your PS increases, your Retail Bonus percentage increases, too!

Monthly Personal Sales (PS)	Retail Bonus
\$50.00 - \$249.99	5% of your PCS
\$250.00 - \$499.99	10% of your PCS
\$500.00 - \$749.99	15% of your PCS
\$750.00 +	20% of your PCS

# Building An Organization

The next step in growing your business is building an organization. Let's look at what an organization is and how the Compensation Plan rewards you for developing your business.

## **What is an Organization?**

For the purposes of this plan, your organization is defined as you, all the Field Representatives that you sponsor, and all the Field Representatives that they sponsor, down to the last person directly or indirectly sponsored by you. Think of your organization like a family tree. You would be at the top of the tree, and your organization includes you and all of your descendants.

## **Building an Organization**

Building an organization is the key to harnessing the full power of the affiliate marketing business model. There are only 168 hours in a week, and there is a limit to how many hours any one individual can work. With your help, other Field Reps in your organization can build their own organizations, which could mean thousands of combined work hours! The best part ... *you get paid on a percentage of the sales your organization generates!* This is in addition to what you earn for your own sales. Imagine the possibilities for growth ... over time, as your organization grows, you can earn more money than you ever could working alone. As your organization flourishes, you can easily see how you could be earning income even when you are not working (because others are!).

The Life's Abundance Compensation Plan rewards you for your business-building efforts. In fact, there

are two different bonuses that you can earn on the sales generated by your organization! However, we are just going to focus on one of these bonuses in this section. Don't worry, we'll cover the next one shortly. Right now, let's talk about the Foundation Bonus. And to do that, we need to cover a couple of pertinent terms: Personal Group Sales (PGS) and Ranks.

## **Personal Group Sales**

When you start building an organization, the concept of Personal Group Sales becomes relevant. Personal Group Sales (PGS) includes your Personal Sales and the Personal Sales of all the Field Representatives in your organization.

## **Ranks**

The Life's Abundance Compensation Plan has nine ranks. The lowest rank is 1-Star and the highest rank is 9-Star. Your rank becomes increasingly important as you build your organization, because it affects how much you'll be paid on your organization. In fact, three of the four bonuses related to building your organization are rank sensitive, and the higher your rank, the more income you can earn.



**“Paid As” Rank vs. “Permanent Rank”**

Every month that you qualify for monthly commissions, you will achieve an earned rank for that month, referred to as your “Paid As” rank. Bonuses that are rank-dependent are based on this “Paid As” Rank.

The highest “Paid As” rank you ever achieve is referred to as your “Permanent Rank”. For example, if you achieve a new high “Paid As” rank of 6-Star one month and your “Paid As” rank drops to 5-Star the next month, your permanent rank remains 6-Star. However, since your commissions are always based on your “Paid As” Rank for the month, you would be paid as a 5-Star for that particular month.

While Permanent Rank is not used for the purposes of calculating commissions, it is used for recognition and it is also used by the Company from time to time for other things.

**Advancing in Rank**

Let’s take a look at how you advance from 1-Star to 4-Star. We’ll cover the rest of the ranks in the section “5-Star and Beyond”.

To achieve any rank, you must meet certain qualifications.

The chart below shows the Personal Sales (PS) and Personal Group Sales (PGS) requirements which must be met in a given month in order to advance through 1-Star to 4-Star Ranks.

Requirements to Advance in Rank from 1-Star to 4-Star				
Field Representative Rank	1 star	2 star	3 star	4 star
Personal Sales (PS)	\$50	\$50	\$50	\$50
Personal Group Sales (PGS)	\$50	\$250	\$500	\$750

Now let’s explore Foundation Bonuses.

## 4 Foundation Bonus

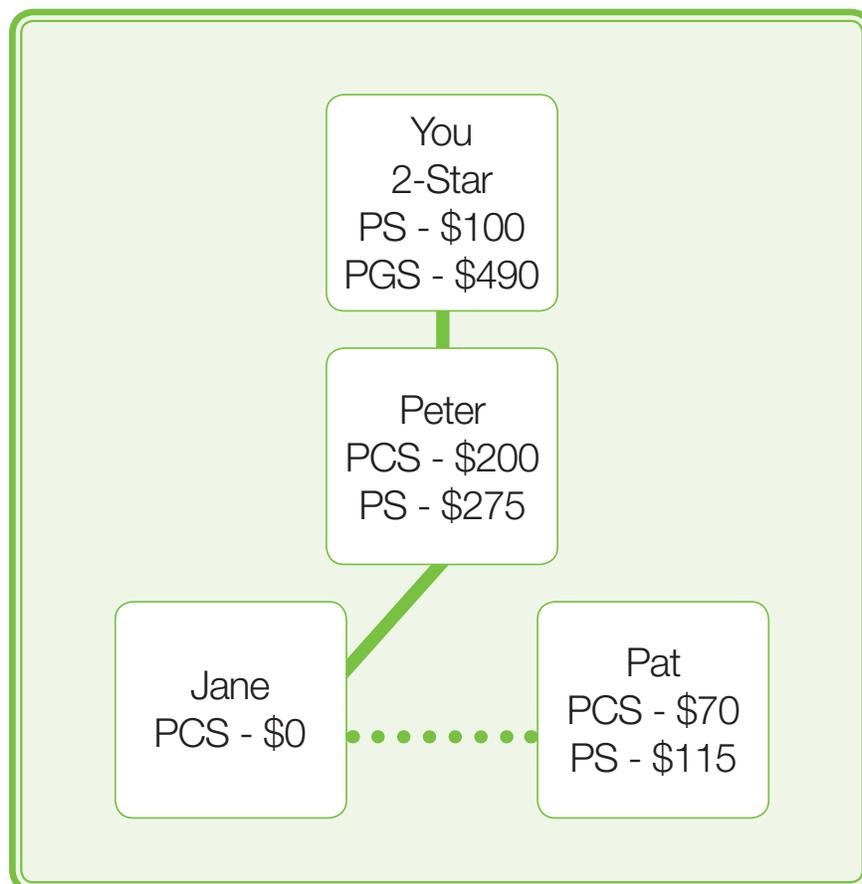
The Foundation Bonuses are designed to reward you for building a solid foundation. You can do that by helping your Field Representatives build their organizations. Before we discuss how you can earn Foundation Bonuses, we need to explain levels.

### Levels

The basic concept of levels is simple to understand. If you personally sponsor a Field Rep named Peter, then Peter is on your first level.

If Peter has any customers, they are also considered to be on your first level. If Peter personally sponsors a Field Representative named Jane, she is on Peter's first level, and therefore on your second level.

Any of Jane's customers would be on your second level as well. Any Field Representative Jane personally sponsors will be on your third level.



### Foundation Bonus Definition

Simply put, the Foundation Bonus pays you a percentage of the Personal Commissionable Sales (PCS) of Field Representatives in your organization.

### Foundation Bonuses

	1 star	2 star	3 star	4 star	5 star	6 star	7 star	8 star	9 star
Foundation Bonus Level 1	10%	10%	10%	10%	10%	10%	10%	10%	10%
Foundation Bonus Level 2	→	8%	8%	10%	10%	10%	10%	10%	10%
Foundation Bonus Level 3	→	→	8%	8%	10%	10%	10%	10%	10%
Foundation Bonus Level 4	→	→	→	5%	5%	5%	5%	5%	5%
Foundation Bonus Level 5	→	→	→	→	4%	4%	4%	4%	4%
Foundation Bonus Level 6	→	→	→	→	→	3%	3%	3%	3%
Foundation Bonus Level 7	→	→	→	→	→	→	3%	3%	3%
Foundation Bonus Level 8	→	→	→	→	→	→	→	2%	2%
Foundation Bonus Level 9	→	→	→	→	→	→	→	→	1%

As you can see, the amount paid on any particular Field Representative depends on three factors:

1. Your Rank (1-Star through 9-Star)
2. The level of your organization the Field Representative is on (Level 1 through 9)
3. The amount of PCS the Field Representative has in a given month

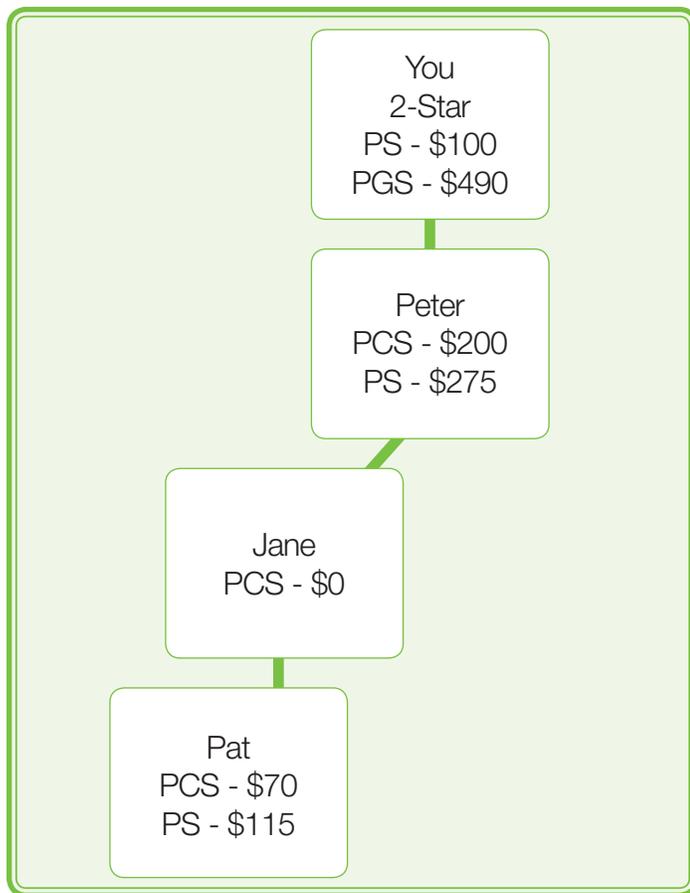
### Foundation Bonuses - Rank

As illustrated above, the higher your rank, the more levels you can earn a Foundation Bonus on. For example, a 1-Star is paid on one level, a 2-Star is paid on two levels, and so forth, all the way up to a 9-Star, who is paid on nine levels!

The previous chart also illustrates how the Foundation Bonus percentage you earn varies by level.

**Foundation Bonuses - Example**

Now let's make things really interesting by adding some real-world numbers. In the following illustration, you are a 2-Star. For this commission month, Peter has \$60 in CS himself, and he has two his customers that have \$40.00 and \$100.00 in CS. Therefore, Peter's PCS would be  $60+40+100 = \$200.00$ . Your Foundation Bonus would be a percentage of that \$200.00 total. Because Peter is on your first level, you would earn a Level 1 Foundation Bonus of 10%, which is \$20.00.



**Foundation Bonuses - Compression**

Note that in this example, we assume Jane has no PCS for that month. However, Jane has sponsored Pat, who had \$70.00 in PCS. Pat is on your third level. What happens with Pat? This is where the term “compression” comes into play.

For the purpose of paying out Foundation Bonuses, Pat would be considered to be your second level, and you would be paid on her because you are a 2-Star Rep. Thanks to compression, since Jane has no PCS, she gets skipped and you receive a Level 2 Foundation Bonus for Pat, which is 8% on \$70.00, or \$5.60. Compression is a good thing, because it protects you from losing levels of pay or being penalized due to an unproductive Field Representative in your Downline.

**Compression**

If you have a Field Representative in your organization with no PCS in a given month, that Field Representative will be ignored or skipped when paying the Foundation Bonus. This means the Field Representative will not count against you as a level on your Foundation Bonus payout.

## 5-Star and Beyond

If you build a customer base, it is possible to advance to 4-Star without recruiting any Field Reps. In other words, achieving a 4-Star Rank is something you can do all by yourself.

However, in order to advance in rank to 5-Star and beyond, you need to have at least two personally sponsored Field Reps in your organization. At this point, the concept of legs becomes important.

### **Legs**

*Each one of your personally sponsored Field Reps is the head of their own organization and each one of those organizations is considered a “leg” of your organization. For example, if you personally recruited three Field Reps, your organization has three legs.*



One of the qualification criteria for advancing to 5-Star and beyond has to do with how many legs your organization has of a certain rank. Each leg's rank is equal to the rank of the highest ranked Field Representative in that leg. For example, if the highest rank of any Field Representative in a leg is 4-Star, then the leg is referred to as a 4-Star leg. If the highest rank of any Field Representative in a leg is 7-Star, then the leg is considered a 7-Star leg.

In order to become a 5-Star, one requirement is that you must have two legs that are 4-Star or higher.

That is, to qualify as a 5-Star, you need two personally-sponsored Field Reps who are either ranked 4-Star or higher, or have someone ranked 4-Star or higher in their respective organizations.

In order to become a 6-Star, one requirement is that you must have two legs that are 5-Star or higher. That is, to qualify as a 6-Star, you need two personally-sponsored Field Reps who are either ranked 5-Star or higher, or have someone ranked 5-Star or higher in their respective organizations.

## Ranks

Now that you understand the concept of legs, seeing how you can advance to 5-Star and beyond will be easy. See the chart below.

Requirements to Advance in Rank									
Field Representative Rank	1 star	2 star	3 star	4 star	5 star	6 star	7 star	8 star	9 star
Personal Sales (PS)	\$50	\$50	\$50	\$50	\$100	\$100	\$100	\$100	\$100
Personal Group Sales (PGS)	\$50	\$250	\$500	\$750	n/a	n/a	n/a	n/a	n/a
Number of Qualifying 4-9 Star Legs					2	n/a	n/a	n/a	n/a
Number of Qualifying 5-9 Star Legs					0	2	4	6	8

Now we'll explore the Star Club Bonus Pools.

## 5 Star Club Bonus Pools

The Star Club Bonus Pools were designed to let you share in the efforts of all other Field Representatives ... even those not in your organization. There are three pools: the 7-, 8- and 9-Star Club Bonus Pools. Life's Abundance places 2.75% of all total monthly Commissionable Sales (CS) into these three Pools.

- 7-Star Club Bonus Pool is worth 1.5% of total company-wide monthly commissionable sales
- 8-Star Club Bonus Pool is worth 0.75% of total company-wide monthly commissionable sales
- 9-Star Club Bonus Pool is worth 0.5% of total company-wide monthly commissionable sales

These Bonus Pools are cumulative, which means ...

- All Field Representatives that achieve a rank of 7-Star and above in any given month will receive an equal share of the 7-Star Club Bonus Pool
- All Field Representatives that achieve a rank of 8-Star and above in any given month will receive an equal share of the 8-Star Club Bonus Pool, plus their share of the 7-Star Club Bonus Pool
- All Field Representatives that achieve 9-Star rank in any given month will receive an equal share of the 9-Star Club Bonus Pool, plus their shares of the 7- and 8-Star Club Bonus Pools

Star Club Bonus Pools		
		
Club Bonus Pool	Club Bonus Pool	Club Bonus Pool
1½% of Total CS	¾% of Total CS	½% of Total CS



## Conclusion

Finally, we'd like to congratulate you again on your important decision to become a part of the Life's Abundance family. We applaud your first steps toward securing a better tomorrow for you, your organization and your customers.

Becoming a success in this business is not difficult, but it does take perseverance. Understanding exactly how you are compensated will help you to establish new goals for achievement. If you have any questions about the information included herein, please do not hesitate to call the dedicated Life's Abundance Field Support line at 877-387-4564.

We thank you for taking the time to familiarize yourself with the Life's Abundance Compensation Plan, and look forward with great anticipation to watching your personal business thrive for years to come.

Wishing you the very best,

The Life's Abundance Team

 life's abundance

