

Sharing Compensation on Cases
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The Million Dollar Round Table (“MDRT”) has developed helpful guidelines for sharing commissions on a case. In general, MDRT producers divide fees and commissions on a case using the following splits:

20% - MARKETING	Hosting seminars, sorting the database, bringing the client to an educational meeting, and quoting fees.
20% - DATA COLLECTION	Having clients sign documents for us to collect data, share information, and produce deliverables.
20% - CASE DESIGN	Facilitating underwriting, developing insurance ledgers, integrating proposed insurance numbers into a tactical or comprehensive plan
20% - IMPLEMENTATION	Signing applications, delivering the policy, collecting payment
20% - SERVICE	Providing regular statements, updating plans illustrating tax impact of insurance and investments on the balance sheet and income statement, meeting with the client to discuss maintaining or enhancing services.

Some advisers have refined the above guidelines using the following rules:

- 1) The adviser who brings a willing buyer to the table generally expects and deserves a third of the case or at least 33%. 20% of the 33% can be earned through marketing, the balance through fact-finding or service.
- 2) Advisers should possibly adjust the splits in light of the size of the sale and the ongoing service expectation. For example:
 - a) If a small client buys 3,000 term premium, puts 100,000 into a 529 account, and opens a 100,000 brokerage account, the adviser would have fairly high on going service obligations but compensation of less than \$10,000.
 - b) Alternatively, a client might buy a \$100,000 second to die life insurance policy that produces \$90,000 of compensation and requires little on-gong services.
- 3) Advisers often use graded splits to adjust for how very large cases often require less work per dollar of compensation. Advisers might set breakpoints to pay less initially to the adviser doing the marketing and sales. After compensation exceeds \$50,000, the adviser doing the marketing and sales could receive a higher payout. Break points might be as follows:
 - a) 1 -15,000
 - b) 15,000 -50,000
 - c) 50,000- 150,000
 - d) 150,000+

If sharing a case with an attorney or CPA, each party will complete different parts of the work and share in different parts of the compensation. For example, if a CPA refers a case to a VFOS Network Member, they might share fees as follows:

**VFOS
NETWORK**

**REFERRAL
SOURCE**

MEMBER

MARKETING	0%	20%
DATA COLLECTION	10%	10%
CASE DESIGN	20%	
IMPLEMENTATION	20%	
SERVICE	10%	10%
TOTALS	60%	40%