New Agent Financing Plans Guide

At Ameritas, it is important to provide our GA/managers with the resources needed to touch more lives and help more people. In an effort to assist you in helping agents enter into the insurance industry, we are pleased to offer a New Agent Financing Plan (NAFP). This guide was developed as a reference tool to help you understand how the NAFP works.

GA eligibility

In order to be eligible for the Ameritas NAFP plan,

A GA/manager must:

- Have prior approval from your regional vice president
- You can view a presentation on EDU.Ameritas.com.
- Submit a development profile/business plan that will demonstrate how the candidate will successfully complete the financing plan. Components of the business plan will include:
  - **Training:** When, where and by whom the training will be conducted. Must include Trustworthy Selling or something similar.
  - **Mentorship:** Who the new associate will work with on cases.
  - **Activity:** The number of acceptable appointments, number of sales calls, etc.
  - **Marketing:** How the candidate will identify adequate prospects.

A prospective agent must:

- Have sales as his or her principal activity and not be receiving a training allowance from another company. Additionally, the agent must have earned
  - less than $30,000 in life and annuity First Year Commissions (FYC), cumulatively during the three years prior to appointment, or
  - less than 25% of his/her earned income from life insurance and annuity sales during each of the three years prior to his/her appointment.
- Be recommended by the GA/manager and approved by the respective regional vice president.
- Take an exam to help determine the probability of success. The preferred provider for the exam is LIMRA Career Profile Plus (CP+) OR the Personal Orientation Profile 7 (POP7). Ameritas will pay for one of the exams. An acceptable score for CP+/POP7 is:
  - $5,000 Plan: 15/5
  - $4,000 Plan: 15/4
  - $2,500 Plan: 12/3
  - $2,000 Plan: 12/3
  - Bonus Plan: 11/2

Alternate exams may be used in place of the LIMRA CP+/POP7 at the expense of the agency. Additional approved exams include: SPQ Gold or CPQ. Others will be considered. To gain access to the CP+/POP7 exam, contact Todd Scott at ext. 87439, or practice management & development at 800-319-6903, ext. 3.

- Satisfy the minimum temporary stacking requirements below*:
  - $5,000 Plan – $5,000 Life and DI paid FYC
  - $4,000 Plan – $4,000 Life and DI paid FYC
  - $2,500 Plan – $2,500 Life and DI paid FYC
  - $2,000 Plan – $2,000 Life and DI paid FYC
  - Bonus Plan – $1,000 Life and DI paid FYC

NOTE: Expense allowance payments are permitted.

* Agencies have the option to require higher stacking requirements. The stacking period cannot exceed 120 days.

LIMRA or the POP7 test cannot be waived. No exceptions can be made if an agent scores too low on a test to qualify for any financing plan. **In the event either test is taken twice, the first score received will be the determining score as to which plan they are eligible.**

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Note: Business written on the agent's own life, members of his/her immediate family or agency associates are not eligible to meet the above stacking requirements. All agent-level commissions (including annuities) will be held until stacking is completed. It is the GA/manager's responsibility to notify practice management & development at 800-319-6903, ext. 3 once the stacking requirement has been met.

Plan options

- Ameritas offers a three-year financing plan with three options, and a one-year financing plan with two options:

Three-year financing plans

1. Bonus Plan – $0 monthly allowance with a bonus (see NAFP Schedule form ULC 57 on Producer Workbench)
2. $2,000 initial monthly allowance plus a bonus (see NAFP Schedule form ULC 58 on Producer Workbench)
3. $2,500 initial monthly allowance plus a bonus (see NAFP Schedule form ULC 59 on Producer Workbench)

With all three options, the agent receives 100% of FYC.

The plan provides allowances for 48 months subject to production requirements for the first 36 months. Details of each plan's schedule allowance, bonus and minimum production standard can be found under the appropriate form numbers referenced above.

Allowance

An allowance of up to $82,000 over four years is available to agents who qualify. Allowances other than FYC are limited to:

	Cumulative
Year 1	$43,000
Year 2	$67,000
Year 3	$82,000

- The allowance is obtained through a monthly allowance and/or bonus.
- A bonus will be paid as earned semi-monthly during the first 36 months if you are successfully completing the first 36 months of the plan. Any remaining bonus from the first 36 months will be paid as earned quarterly in year four. The earned bonus paid in year four will be paid if you are below the three year maximum subsidy of $82,000.
- A bonus of 10% of individual life and disability income first year will be paid on year four (maximum payable is $7,000 in year four).

One-year financing plans

1. $4,000 initial monthly allowance plus a bonus (see NAFP Schedule form ULC 176 on Producer Workbench)
2. $5,000 initial monthly allowance plus a bonus (see NAFP Schedule form ULC 177 on Producer Workbench)

With both options, the agent receives 100% of FYC.

- The plan provides allowances for 12 months subject to production requirements for the 12 months. Details of each plan's schedule allowance, bonus and minimum production standards can be found under the appropriate forms referenced above.

Allowance

An allowance of up to $43,000 over one year is available to agents who qualify. Allowances other than FYC are limited to:

	In NAFP Year	Cumulative
Year 1	$43,000	$43,000

- The allowance is obtained through a monthly allowance and/or bonus.
- A bonus will be paid as earned semi-monthly during the first 12 months if you are successfully completing the first 12 months of the plan. Any remaining bonus from the first 12 months will be paid as earned quarterly in year two. The earned bonus paid in year two will be paid if you are below the first year maximum subsidy of $43,000.

Early completion of the plan

Those who terminate prior to 36 months are deemed as not successfully completing the plan.

Withholding

Financed agents are statutory employees subject to withholding for FICA and Medicare only. They are responsible for setting aside adequate funds to pay federal, state and local taxes and file estimated tax payments if required.

Renewal commissions

If an agent terminates from the financing plan, he/she has two weeks to enter into a new contract in order to keep his/her renewal compensation. Renewal compensation shall be paid as long as the agent has an active contract with Ameritas. Renewal compensation for products originally sold while on the plan are not vested.

Product and bonus standards

- If an agent successfully completes a three-year plan in the first 36 months, a 10% bonus will be paid on the associate's fourth year of production for individual life and DI FYC. This bonus, up to $7,000, will be paid quarterly in year four.
- Only individual life and/or disability income insurance (DI) business will be considered for plan minimum and bonuses. Commission for all other products (annuities, retirement plans, securities, group, etc.) are paid, but not included for minimum production standards or bonus calculations.
- Any bonus earned will be paid each pay period if the agent qualifies. The bonus percentage depends on the plan year, allowance level and production level. Bonuses are calculated and paid on an as earned basis. The agent must be ahead of plan to qualify for the bonus.

Manager liability

- The manager is liable for agents who leave the plan before successful completion.
- For the Bonus Plan, the manager liability is the lesser of the difference between the minimum production standard schedule and actual life and DI paid FYC or 50% of the bonus paid out.
- For the $2,000 and $2,500 plans, the cumulative manager liability is:
  - 50% of the monthly allowance in year 1, *plus*
  - 20% of monthly allowance in year 2, *plus*
  - 10% of monthly allowance in year 3, *and then*
  - Offset by 50% of the field associate's life and DI FYC cumulative amount.

For example: An agent on the $2,000 plan with $19,000 of FYC terminates after 18 months. The manager liability calculation is as follows:

Monthly allowance year 1	$21,600 at 50%	$10,800
Monthly allowance year 2	7,200 at 20%	+1,440
		$12,240
Life and DI FYC	$19,000 at 50% =	- 9,500
	Manager Liability	**$2,740**

Note: An agent who leaves the plan while ahead of the minimum production standard schedule still can create a manager liability. Contact your regional vice president for details. A credit of $2,500 for each agent who successfully completes the plan will be established for the manager who sponsored the agent. This credit can only be used to help offset the manager's future liability for agents who do not complete the plan.

Minimum production standard requirements

The primary purpose of the minimum production schedule (see form numbers ULC 57, ULC 58, ULC 59, ULC 176, ULC 177 on Producer Workbench) is to represent the minimum acceptable production each year, and should not be used as an example of successful achievement. The agency manager should set standards at a higher level, which is more in line with the Agent Contract. To continue under the plan, in addition to the minimum production standard requirement, the field associate must also fully comply with the Company's and Agency's training programs and procedures.

General contracting rules

The standard method to enter into an Agent Financing Plan (AFP) is to enter into a Temporary Agent Contract, meet the respective stacking requirements and then enter into an AFP. Exceptions can be made for the following:

- Agents can move from an independent/broker contract to an AFP, but while business written on an Independent/Broker Contract counts toward stacking requirements, it does not count toward the Bonus.
- Once an agent is on a plan, he/she cannot switch to a different plan.
- If an agent is terminated from an AFP, he/she is not eligible for a future AFP with Ameritas.

Suspension from the plan

If an agent falls $1,000 behind the minimum commission requirement while participating in the plan, he/she will be suspended. During a suspension, the agent will not receive training allowance payments. While suspended, the agent remains eligible for benefits but is responsible for paying premiums for those benefits. Once the agent is on pace with the plan's validation schedule, the suspension will end and the agent will resume the AFP where he/she was in regard to allowance and validation levels.

- A suspension is limited to six pay periods.
  - If the agent is over $1,000 ahead of the minimum plan requirements after the fourth pay period, the suspension ends.
  - After the sixth-pay period, the suspension ends assuming the agent is now ahead of minimum requirements. If the agent has not yet attained the minimum requirement, the agent is terminated.

- Managers can request that agents be suspended for the following reasons:
  - Failure to maintain satisfactory attendance at agency training meetings.
  - Failure to satisfactorily participate in agency telephone sales campaigns.
  - Excessive absence from the agency.
  - Failure to participate in sales events.
- For the three-year NAFP plan, an agent can go on suspension twice for not meeting these requirements.
- There must be a minimum of four pay periods between the suspensions.
- For health issues/military leave, an agent can be put on Leave of Absence (LOA). A LOA form must be completed and approved by human resources. See Producer Workbench for more details.
- When an agent goes on suspension, benefits do not stop, but the agent needs to pay for them.

NAFP forms

All forms for the plans can be found on Producer Workbench. Go to "Search" and click "Licensing & Contracting Forms." Under Company, select "Ameritas" and under Contract Type find the forms you need.

Helpful tips for temporary agents on the financing plan

- When completing a temporary agent contract, the declaration of eligibility must also be fully completed and submitted along with proof of production.
- A development profile, which is completed by the agency manager, is needed for temporary contract. There is a sample on Producer Workbench by searching "development profile."
- The LIMRA or POP7 score is needed when completing the temporary contract. Annualization is highly recommended.
- You can view a presentation on EDU.Ameritas.com.

NAFP production reports

Production reports can be viewed by the GA/manager and the agent on Producer Workbench's home page. From Day-to-Day Tasks, click "View Performance" then "Insurance."

Contacts

For questions, contact your regional vice president or practice management & development at 800-319-6903, ext. 3.

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