**Commission Sales Agreement**

Employee Name:

Job Title:

Department:

Supervisor:

Effective Date:

This agreement describes the terms and conditions by which your compensation as [job title] shall be earned and calculated and supersedes all prior written or oral compensation agreements, arrangements or representations regarding your compensation. Under this agreement, you will be paid *[commissions/bonuses]* plus hourly pay and other pay supplements.

Your compensation under this agreement is based on [commissions/bonuses] that you earn from *[sales/other]* transactions. Such *[commissions/bonuses]* are strictly limited to those amounts defined herein below, except that the company may make periodic amendments and/or additions (e.g., related to specific promotions and programs). You may also be paid supplemental pay for non-sales activity, if applicable. You will be paid at least minimum wage for all hours worked.

You are required to generate sufficient sales to satisfy the minimum production quotas, which are established by the company in its sole discretion. Your failure to meet minimum production quotas could result in disciplinary action up to and including termination of employment.

Your compensation shall consist of the following elements [*select and describe each element of compensation]*:

**Commission Compensation (“Sales Activity”)**

Earned commission. You shall earn commissions based on [*describe how commissions are earned*]. A commission is not considered earned until completion of a number of conditions and prerequisites. Specifically, [*list/describe the conditions required for a commission to be considered earned*].

Commission rate. Your commissions are calculated as follows: [*describe how commissions are calculated*].

Definitions. [*provide detailed definitions and descriptions of the terms used to describe an earned commission, including for example such terms as a “closed sale”*].

Earned Commissions – The salesperson must be a current, full-time employee at the time a product becomes a “closed sale.” A sale is “closed” when the following conditions are met: [*define the necessary conditions for a closed sale*]. No commission or bonus will be earned until [supervisor’s job title] has determined that a transaction is a “closed sale.”

Adjustments. [*describe any adjustments that may be made on earned commissions/bonuses*].

Commission payments upon termination. Commissions are only earned while you are an employee. Should you terminate your employment or be terminated by *[company name]*, you will earn commission ONLY through your final date of employment. You will not be eligible to earn any further commissions on future revenue. Commissions will only be paid on sales that are closed (as defined above) on or before the date of termination.

**Bonus Compensation**

You may be eligible to earn bonuses from time to time based upon a variety of factors. The terms and conditions for such bonuses may vary according to the circumstances. *[Company name]*, in its sole discretion, will determine whether you are eligible for any particular bonus. *[Insert details regarding nondiscretionary bonus plans].*

**Hourly Compensation (“Non-Sales Activity”)**

As a salesperson, your duties and job requirements will require you to spend nearly all of your working time engaged in sales activity. In addition, you will be paid an hourly wage rate of *[amount (at least applicable minimum wage)]* for time that you actually spend engaged in non-sales activity that you report. You are required to carefully document your time each pay period so that all non-sales activity is accounted for in your time record. “Non-sales activity” is defined as work time during which a salesperson is not free to engage in sales activity, including but not necessarily limited to periods when engaged in training or sales meetings.

**Recoverable Draw**

A recoverable draw is a loan from the company to the salesperson that is carried forward until the salesperson earns sufficient commissions and/or incentives to repay it or until the employee is no longer employed with the company. The amount of the draw will be calculated by *[insert details on how draws are calculated, including minimums and maximum amounts]*. The draw will be repaid as follows:

1. The outstanding draw will be withheld from earned commissions and/or incentives; however, the amount applied will not exceed 50 percent of the earned commission in any given period, nor will the salesperson’s gross wages fall below the state minimum wage and earned overtime (if overtime eligible).
2. If a salesperson's employment is terminated prior to full repayment of the draw, then the amount outstanding becomes due and payable in full at the time of termination. The company reserves the right to withhold the outstanding balance from any accrued vacation due at the time of termination as well as from any other form of compensation due to the salesperson to include salary, commissions, incentives, buy-back of stock differentials and reimbursable expenses, as permitted by state law.

**Time Not Worked/Leave of Absence**

Employees who take an unpaid leave of absence will not be paid for the time they are not working unless the employee utilizes available paid time off. Paid time off will be paid at *[minimum wage or the hourly rate of the average total wages earned by the salesperson over a defined period of time or another defined rate].* An employee on a leave of absence who has earned commissions as described above will be paid for earned commissions while out on leave.

**Overtime Premium Pay (If Applicable)**

Productive employees generally will be exempt as commissioned salespersons from overtime wages. Your eligibility for overtime will depend on the level and structure of your compensation. Your position is currently classified as *[exempt or nonexempt].*

If you are eligible for overtime wages, you will be paid as follows:

1. Hourly Pay: You will be paid one and one-half times your applicable hourly rate for all hours worked over 40 in a week *[or insert state law overtime pay requirements]*.
2. Commissions and/or Bonuses: You will be paid one-half of the regular rate from your commissions and bonuses as a 50% premium for all hours worked over 40 in a week *[or insert state law overtime pay requirements]*.

The regular rate of pay is calculated by dividing all compensation received in the workweek by the total number of hours actually worked.

**Workday, Workweek and Pay Period**

For the purpose of computing compensation under this agreement, the “workday” is defined as [*insert workday definition*]; the “workweek” begins on [*insert workweek start day/time*] and ends at [*insert workweek end day/time*]. The company pay days are [*insert pay days*]. On [*insert pay day*], you will be paid commissions/bonuses earned during the period from [*insert start and end dates*]. These pay dates are subject to modification for weekends and holidays, as detailed in the employee handbook, which is incorporated by this reference into this agreement.

**Time-keeping, Rest Breaks and Meal Periods**

You are responsible for keeping accurate time records, including recording each day when you 1) start and end work, and 2) start and end your meal periods. You also are required to carefully document your time worked each pay period so that all non-sales activity is accounted for in your time record. As detailed in the employee handbook, meal periods should be taken *[insert details regarding meal periods as required by state law or company policy].*

Additionally, as detailed in the employee handbook, rest breaks are paid and counted as hours worked, so employees are not required to document the time they take for rest periods of less than 20 minutes.

By my signature below, I acknowledge that I have read and understand that the terms and conditions herein described are the general method by which my pay is calculated. I also understand that this agreement is for no fixed term and may be altered or rescinded in whole or in part at any time with or without notice at the sole option of the Company. I agree to keep accurate time records, including recording my time at the beginning and end of my work shift and at the beginning and end of my meal periods, and to sign periodic certifications regarding my time cards in compliance with company policy. Furthermore, I understand that this agreement does not constitute a contract, express or implied, for a term of employment and that my employment is for no definite period, regardless of any provision for payment of wages while employed. I further understand that both the company and I have the right to terminate the employment relationship at any time, for any reason, with or without cause, and without notice.

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Employee signature Date

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Employee name

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Supervisor signature Date

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Supervisor name