

## COMMISSION AGREEMENT

\_\_ [Name of company] \_\_ (“Company”) and \_\_ [name of employee] \_\_ (“Employee”), in consideration of the mutual promises made herein, agree as follows:

### 1. At-Will Employment.

This Agreement does not alter Employee’s at-will employment status. Nor does this Agreement create an employment contract between Company and Employee. As an at-will employee, Employee understands and agrees that the employment relationship may be terminated by either party, at any time, with or without prior notice. Employee also understands and agrees that Company retains the right in its sole discretion to change any of the terms of employment, including but not limited to compensation, commission pay structures, job duties, and any other term of employment. This right of Company includes the right to terminate this Agreement and to offer Employee a new agreement that supersedes this Agreement.

### 2. Duties of Employee.

Employee is hereby employed full time as a \_\_ [position title] \_\_ to sell \_\_ [describe products or services to be sold] \_\_ on behalf of Company. Employee’s primary job duties shall include \_\_ [describe duties, e.g., meet with customers, attend trade shows, service sales] \_\_.

### 3. Time and Attention.

Employee agrees to devote all of Employee’s productive time, attention, and energy to the performance of Employee’s duties as \_\_ [position title] \_\_, subject to the direction and control of Company, and shall to the best of Employee’s ability make every effort to secure business on behalf of Company.

### 4. Compensation.

4.1. *Compensation Structure.* Employee’s compensation shall consist of a semi-monthly salary and a commission on qualified sales.

4.2. *Salary.* Employee shall receive a semi-monthly salary in the amount of \$\_\_ [amount] \_\_. Thus, Employee’s minimum semi-monthly pay shall be \$\_\_ [amount] \_\_, regardless of whether any commissions are earned.

4.3. *Commission Rate.* The commission rate is \_\_ [specify rate] \_\_ percent of each qualified sale. “Qualified sale” is defined as follows: \_\_ [Define qualified sale to avoid ambiguity] \_\_.

4.4. *When Commissions Are Earned.* Commissions are considered earned under this Agreement after Employee \_\_ [insert criteria, e.g., has performed all duties necessary to complete a sale and effectuate payment] \_\_, not when the order is taken or the sale is “booked.”

4.5. *Commissions Paid.* To provide adequate time to process and complete customer orders, Company shall generally pay commissions on the 15th and 30th of each month, after Company has received payment of the invoice by the customer.

4.6. *Rate Changes and Adjustments.* The compensation structure and commission rate may be subject to change, at Company’s discretion, with 15 days’ advance notice of any change. Any such change shall not apply to any sales already under contract when the change is announced. Company has discretion to

make reasonable adjustments to invoices to customers before and after billing. Commissions shall be payable only on invoices as paid, after any adjustments by Company.

[Alternative 2: If draw and commission]

#### 4. Compensation.

4.1. *Compensation Structure.* Employee's compensation shall consist of a commission on qualified sales and a semi-monthly draw.

4.2. *Commission Rate.* The commission rate is \_\_ [specify rate] \_\_ percent of each qualified sale. "Qualified sale" is defined as follows: \_\_ [Define qualified sale to avoid ambiguity] \_\_.

4.3. *When Commissions Are Earned.* Commissions are considered earned under this Agreement after Employee \_\_ [insert criteria, e.g., has performed all duties necessary to complete a sale and effectuate payment] \_\_, not when the order is taken or the sale is "booked."

4.4. *Commissions Paid.* To provide adequate time to process and complete customer orders, Company shall generally pay commissions on the 15th and 30th of each month, after Company has received payment of the invoice by the customer.

4.5. *Rate Changes and Adjustments.* The compensation structure and commission rate may be subject to change, at Company's discretion, with 15 days' advance notice of any change. Any such change shall not apply to any sales already under contract when the change is announced. Company has discretion to make reasonable adjustments to invoices to customers before and after billing. Commissions shall be payable only on invoices as paid, after any adjustments by Company.

4.6. *Commission Draw.* Employee shall be paid a semi-monthly draw against commissions in the amount of \$ \_\_ [amount] \_\_ per pay period. Thus, Employee's minimum semi-monthly pay shall be \$ \_\_ [amount] \_\_, regardless of commissions actually earned. If the Employee earns less in commissions than he or she receives in draw, the Employee shall be overdrawn by that amount. If the Employee's commissions exceed the draw amount for a given pay period, the excess shall be reconciled against any overdraw owed Company by Employee. Any commissions earned in excess of the overdraw shall be paid to Employee.

4.7. *Draw Reconciliation.* Company shall reconcile Employee's commission draw on an annual basis. The commission draw is to be zeroed out by the last payroll of the year, at which time the draw is to be paid back to Company by Employee. Should Employee leave the employ of Company for any reason, the commission draw balance is to be paid in full before last day of employment.

#### 5. Confidential Information.

The information used by Employee in his or her employment and the information developed by Employee in his or her employment comprise proprietary information of Company. Such information includes, for example, \_\_ [describe confidential information in detail, e.g., vendor identities, client identities, and pricing information and practices] \_\_. In becoming an employee, Employee agrees not to

duplicate confidential information without Company permission and to return all such confidential information and any copies of such information on Company's request. Employee also agrees not to disclose such information to any other individual or entity or to use such information for his or her own benefit, other than as an employee of Company.

**6. Company Handbook.**

Employee's employment shall be subject to the policies stated in Company's employee handbook (the "Handbook"). A copy of the Handbook is enclosed. The Handbook generally describes benefits and general policies. However, this Agreement shall supersede any contrary provision in the Handbook.

**7. Effective Date.**

This Agreement shall be effective on \_\_[date]\_\_.

Date: \_\_\_\_\_

\_\_[Signature of employee]\_\_

\_\_[Typed name]\_\_

Date: \_\_\_\_\_

\_\_[NAME OF EMPLOYER]\_\_

a \_\_[specify entity, ie. Llc, corp.]\_\_

By: \_\_[Signature]\_\_

Name: \_\_[Typed name]\_\_

Its: \_\_[Title]\_\_