

CST – Commission Schedule Updates

When a commission schedule is updated with new commission rates and/or trails, the firm may allow existing contracts to be paid at the original rates (based on issue date) or paid on the new rates depending on the carrier rules.

Defined below are two use cases that support the reporting of a new commission schedule:

- **Use Case 1:** Product 1 does have multiple commission schedules and is currently paying rates available to the contract upon the issue date.
- **Use Case 2:** Product 2 does have multiple commission schedules and is currently paying the most current rates available on all contracts issued for this product.

Use Case 1: Product 1 launched on June 6, 2011 and new commission schedule is created for product. Product 1 does have multiple commission schedules and is currently paying rates available to the contract upon the issue date.

CST Layout Details:

Field Name	Item #	Value	Comment
Scenario A: Upon initial load of the commission schedule for Product 1, the historical commission schedule is reported in CST. This commission schedule was effective 06/06/2011 – 12/31/2014.			
Product-Contract Record 25/01			
CUSIP Number	2005	INDEXPRD1	Index Product Offering 1
Commission Schedule Record 25/02			
Commission Schedule Type	1016	PRM	All premiums will receive the same rate (upfront and sub pays)
Commission Schedule Identifier	1017	INDEXSCH001	
Commission Schedule State Date	1018	20110606	
Commission Schedule End Date	1019	20141231	
Commission Option	1020	A	

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Commission Option Description	1021	11	Up Front & Trail Option
Commission Age Start Range	1023	0	
Commission Age End Range	1024	75	
Commission Age Basis	1025	OA	Oldest of Annuitant or Owner
Commission Age Basis Qualifier	1026	T	Attainment Age
Additional Banding Indicator	1029	N	No
Commission Rate	1030	0050000000	5%
Trail Eligible	1031	Y	Yes
Trail Basis – 1	1032	AV	Account Value
Trail Duration Start – 1	1033	1	Year 1, trails begin
Trail Duration End – 1	1034	5	Year 5, trails end with increase % in year 6
Trail Duration Qualifier - 1	1035	Y	
Trail Basis – 2	1032	AV	
Trail Rate - 1	1036	0000025000	.25% trail annualized
Trail Duration Start – 2	1033	6	Year 6 new trail rate begins
Trail Duration End – 2	1034	999	Trails do not end
Trail Duration Qualifier - 2	1035	Y	
Trail Rate - 2	1036	0050000000	.50% trail annualized

New Commission Schedule is released on Product 1 with new dates (01/01/2015 – present)

Field Name	Item #	Value	Comment
Scenario B: Additional commission schedule is loaded into Insurance Profile with new effective dates and rates. The effective date of this schedule is 01/01/2015 to present.			
Product-Contract Record 25/01			
CUSIP Number	2005	INDEXPRD2	Index Product Offering 1
Commission Schedule Record 25/02			
Commission Schedule Type	1016	PRM	All premiums will receive the same rate (upfront and sub pays)

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Commission Schedule Identifier	1017	INDEXSCH001	
Commission Schedule State Date	1018	20150101	
Commission Schedule End Date	1019		Still active schedule (no end date)
Commission Option	1020	A	
Commission Option Description	1021	11	Up Front & Trail Option
Commission Age Start Range	1023	0	
Commission Age End Range	1024	75	
Commission Age Basis	1025	OA	Oldest of Annuitant or Owner
Commission Age Basis Qualifier	1026	T	Attainment Age
Additional Banding Indicator	1029	N	No
Commission Rate	1030	0045000000	4.5%
Trail Eligible	1031	Y	Yes
Trail Basis – 1	1032	AV	Account Value
Trail Duration Start – 1	1033	1	Year 1, trails begin
Trail Duration End – 1	1034	5	Year 5, trails end with increase % in year 6
Trail Duration Qualifier - 1	1035	Y	
Trail Basis – 2	1032	AV	
Trail Rate - 1	1036	0002500000	.25% trail annualized
Trail Duration Start – 2	1033	6	Year 6 new trail rate begins
Trail Duration End – 2	1034	999	Trails do not end
Trail Duration Qualifier - 2	1035	Y	
Trail Rate - 2	1036	0005000000	.50% trail annualized

Scenario A: New Contract is issued on 09/01/2012. Contract = Contract 1234 and POV follows Commission Schedule Identifier (INDEXSCH001)

Scenario B: Subsequent Premium is received for Contract 1234 on 10/31/2015. POV directs the distributor to ID: INDEXSCH001.

Scenario C: New Contract is issued on 11/15/2015. The active schedule is used due to the Commission Schedule Start Date of 01/01/2015. Contract = Contract 2345 and POV follows ID: INDEXSCH001.

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Use Case 2: Product 2 does have multiple commission schedules and is currently paying the most current rates available on all contracts issued for this product.

No new CUSIP is created and therefore commission schedule ID is required to be used to direct the BD to the correct schedule.

CST Layout Details:

Field Name	Item #	Value	Comment
Scenario D: Upon commission rate update, the carrier will pay new rates on all contracts issued under this product CUSIP.			
Product-Contract Record 25/01			
CUSIP Number	2005	INDEXPRD1	Index Product Offering 1
Commission Schedule Record 25/02			
Commission Schedule Type	1016	PRM	-All premiums will receive the same rate (upfront and sub pays)
Commission Schedule Identifier	1017	INDEXSCH002	
Commission Schedule State Date	1018	20110606	-
Commission Schedule End Date	1019		
Commission Option	1020	A	-
Commission Option Description	-1021	11	Up Front & Trail Option
Commission Age Start Range	-1023	-0	-
Commission Age End Range	1024	75	
Commission Age Basis	1025	OA	Oldest of Annuitant or Owner
Commission Age Basis Qualifier	1026	T	Attainment Age
Additional Banding Indicator	1029	N	No
Commission Rate	1030	0050000000	5%
Trail Eligible	1031	Y	Yes
Trail Basis — 1	1032	AV	Account Value

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Trail Duration Start – 1	1033	4	Year 1, trails begin
Trail Duration End – 1	1034	5	Year 5, trails end with increase % in year 6
Trail Duration Qualifier – 1	1035	Y	
Trail Basis – 2	1032	AV	
Trail Rate – 1	1036	0000025000	.25% trail annualized
Trail Duration Start – 2	1033	6	Year 6 new trail rate begins
Trail Duration End – 2	1034	999	Trails do not end
Trail Duration Qualifier – 2	1035	Y	
Trail Rate – 2	1036	0050000000	.50% trail annualized

Updated commission schedule would be updated with new rates and overlay the current commission schedule.

Field Name	Item #	Value	Comment
Scenario E: Upon commission rate update, the carrier will pay new rates on all contracts issued under this product CUSIP. The existing commission schedule will be overridden with the new rates.			
Product-Contract Record 25/01			
CUSIP Number	2005	INDEXPRD1	Index Product Offering 1
Commission Schedule Record 25/02			
Commission Schedule Type	1016	PRM	All premiums will receive the same rate (upfront and sub pays)
Commission Schedule Identifier	1017	INDEXSCH002	
Commission Schedule State Date	1018	20110606	
Commission Schedule End Date	1019		
Commission Option	1020	A	
Commission Option Description	1021	11	Up Front & Trail Option
Commission Age Start Range	1023	0	
Commission Age End Range	1024	75	
Commission Age Basis	1025	OA	Oldest of Annuitant or Owner
Commission Age Basis Qualifier	1026	T	Attainment Age
Additional Banding Indicator	1029	N	No

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Commission Rate	1030	004500000	4.5%
Trail Eligible	1031	Y	Yes
Trail Basis – 1	1032	AV	Account Value
Trail Duration Start – 1	1033	1	Year 1, trails begin
Trail Duration End – 1	1034	5	Year 5, trails end with increase % in year 6
Trail Duration Qualifier - 1	1035	Y	
Trail Basis – 2	1032	AV	
Trail Rate - 1	1036	0000025000	.25% trail annualized
Trail Duration Start – 2	1033	6	Year 6 new trail rate begins
Trail Duration End – 2	1034	999	Trails do not end
Trail Duration Qualifier - 2	1035	Y	
Trail Rate - 2	1036	0050000000	.50% trail annualized

Scenario D: New Contract is issued on 09/15/2012. Contract = Contract 2345 and POV follows Commission Schedule Identifier (INDEXSCH002)

Scenario E: Subsequent Premium is received for Contract 1234 on 10/31/2015. POV directs the distributor to ID: INDEXSCH002.