

# Compensation Plan



## Foreword

As you have probably already heard, Trilogy offers one of the most fair and generous compensation plans in the network marketing industry. In fact, there are seven different ways you can earn money in our compensation plan:

Seven Ways to Earn Money	
1 Retail Profit 2 Quick Start Bonuses 3 Retail Bonuses	Section #1
4 Recruiting Bonuses 5 Foundation Bonuses	Section #2
6 Star Club Bonus Pools 7 Performance Bonuses	Section #3

But how are your commissions calculated? In the following overview, we explain in simple terms exactly how you are paid by separating the Trilogy Compensation Plan into three distinct sections: (1) Understanding the Basics, (2) Building an Organization, and (3) Reaching 5-Star and Beyond.

The advantage of this three-section overview is that you do not have to memorize all three sections to get your business off the ground. In fact, you will probably not need to worry about the information in the third section until you have established a network of Field Reps and customers.

Here's a brief description of each section:

### **Section #1 – Understanding the Basics**

This section contains the basic compensation information, covering basic terms and concepts on which the compensation plan is built, and detailing the three ways that you are paid on customer purchases.

### **Section #2 – Building an Organization**

Once you are ready to start signing up other Field Representatives under you, then you should review this section. Here, you will learn about two ways to earn money that are related to building an organization. This section also explains how to advance through the first four ranks (from 1-Star to 4-Star ranks).

### **Section #3 – Reaching 5-Star and Beyond**

This section introduces the two additional ways that you get paid as you proceed through the highest ranks (5-Star to 9-Star ranks).

# Section #1 - Understanding The Basics

## Understanding The Basics

The Trilogy compensation plan is a generous one, with seven different ways to earn money. In this section, we will look at the three ways that you can earn money selling products to customers:

1. Retail Profits
2. Quick Start Bonuses
3. Retail Bonuses

### 1. Retail Profits

Retail Profit is the difference between what you pay as a Field Rep for a product and what your retail customer pays for that product.

#### Customer Direct Sales

When your customers purchase retail-priced products directly from the company either over the phone or on your Replicator web site, you will receive the Retail Profit in your monthly commission payment. This is the difference between the wholesale and retail price. For example, if a customer purchases a retail-priced product at \$50.00 and the wholesale price is \$40.00, your retail profit is \$10.00.

#### Personal Inventory Sales

When you purchase products at wholesale prices, you can resell these products at the suggested retail prices and earn up to a 30% Retail Profit. For example, if you purchase a wholesale-priced product at \$40.00 and sell it at the retail price of \$50.00, your retail profit is \$10.00.

#### Quantity-Discounts

Some products have quantity discounts and can be purchased at lower-than-wholesale unit prices. This is a cost-effective way to purchase, similar to buying a twelve-pack of soda instead of one can. For example, if a product has a retail price of \$50.00 and a wholesale price of \$40.00, there may be a quantity-discounted unit price of \$35.00 for the purchase 12 units or more. In this case, your retail profit would be \$15.00.

Under no circumstances should you buy more products than you can resell or use in one month.

## Commissionable Products

Before we can talk about the Quick Start Bonus, there is one concept you must understand. As far as the compensation plan is concerned, there are two types of products: commissionable products and non-commissionable products.

A commissionable product is one that pays out a commission, while a non-commissionable product never pays out commissions of any type. The vast majority of the products that we sell are commissionable. As a general rule of thumb, if a product is typically sold to customers, it will be commissionable. Examples of non-commissionable products are product catalogs, DVD's and product samples.

# Section #1 - Understanding The Basics

## 2. Quick Start Bonuses

There is an old saying, "It takes money to make money". We realize that there is often a cost associated with acquiring new customers and new Field Representatives. Typically, you may give a prospect items such as brochures, DVD's, trial-sized pet food bags and/or other product samples.

The Quick Start Bonus was created to help you build your business more quickly by helping you to recoup your promotional expenses faster, so you can reinvest and continue to build your organization. The concept is simple ... any time one of your customers or one of your personally sponsored Field Representatives buys a commissionable product for the first time, you will receive a Quick Start Bonus.

The Quick Start Bonus is usually significantly more than other bonuses paid on that product and is paid out once a month. We can pay out more money on the Quick Start Bonuses because, unlike other bonuses, Quick Start Bonuses do not go upline ... so you receive all commissions from that sale.

A Quick Start Bonus is paid on one unit of any product. For example, if a customer makes a first-time purchase of three of any commissionable product, you are paid a Quick Start Bonus on one unit only and you receive regular commissions on the remaining two units.

Since you do not have to qualify to receive a Quick Start Bonus, all you have to do is sell commissionable items to first-time product purchasers.

### Commissionable Sales

Commissionable Sales (CS) is an important concept to understand. For most of the other bonuses in the compensation plan, you are paid a percentage of commissionable sales. Each commissionable product has a CS amount. The CS amount varies by product, but it is almost always less than the wholesale price of the product. This is due to many factors, including different manufacturing costs and the need to make sure the Trilogy products are competitively priced in the marketplace.

For example, we may sell two products priced at \$10.00. Let's say Product A has a CS of \$8.00 and Product B has a CS of \$7.00. Product A may have a higher CS because it costs less to manufacture than product B. For the rest of this document, when we talk about a bonus paying a certain percentage, it is a percentage of the CS.

The CS amount on each product is listed on the price list included in your Trilogy Starter Kit. An updated list is also available in the "Business Center" section of your replicator web site.

# Section #1 - Understanding The Basics

## 3. Retail Bonuses

The Retail Bonus rewards you for building a customer base. You are paid a Retail Bonus on your personal purchases and the purchases of your personally-sponsored customers.

### Personal Sales

Personal Sales (PS) is the total wholesale value of all commissionable products purchased by you and your customers in a given month.

### Personal Commissionable Sales

Personal Commissionable Sales (PCS) is the total commissionable sales value of all products purchased by you and your customers in a given month.

You must have at least \$50.00 in PS in a given month to receive Retail Bonuses.

### How Do I Earn Retail Bonuses?

Your monthly Personal Sales (PS) is used to determine whether you are eligible for a 5%, 10%, 15% or 20% Retail Bonus, which is calculated based upon the total Personal Commissionable Sales (PCS) amount for any given month.

Each month, you can receive a Retail Bonus. The bonus percentage is determined by your PS and calculated on your PCS.

As you can see from the chart below when your PS increases, the percentages used to calculate your bonuses increase, too.

### Monthly Retail Bonuses

#### Personal Sales or PS

\$50.00 – \$249.99 PS

\$250.00 - \$499.99 PS

\$500.00 - \$749.99 PS

\$750.00 & Up PS

#### Personal Commissionable Sales or PCS

Entitles you to 5% of your PCS

Entitles you to 10% of your PCS

Entitles you to 15% of your PCS

Entitles you to 20% of your PCS

# Section #1 - Understanding The Basics

## When Do I Get Paid?

### Commission Pay Periods

Commission pay periods start on the first day of the month and end on the last day of the month at midnight Eastern Time.

### Quick Start Bonus Commissions

Quick Start Bonuses are paid monthly, on the 7th of the month for commissions earned the previous month. For example, if a customer of yours makes a first-time purchase of Agility in January, we would process the \$8.40 Quick Start Bonus on the 7th of February.

### Regular Monthly Commissions

All bonuses other than Quick Start Bonuses are paid monthly, on the 20th of the month for commissions earned the previous month. For example, your monthly commission payment for commissions earned in January will be processed on the 20th of February.

### Check Minimum

Trilogy has a \$10.00 commission check minimum. If you earn less than \$10.00 in commissions, your commissions are held until you accumulate enough commissions to surpass the \$10.00 minimum.

# Section #2 - Building An Organization

## Section #2 - Building An Organization

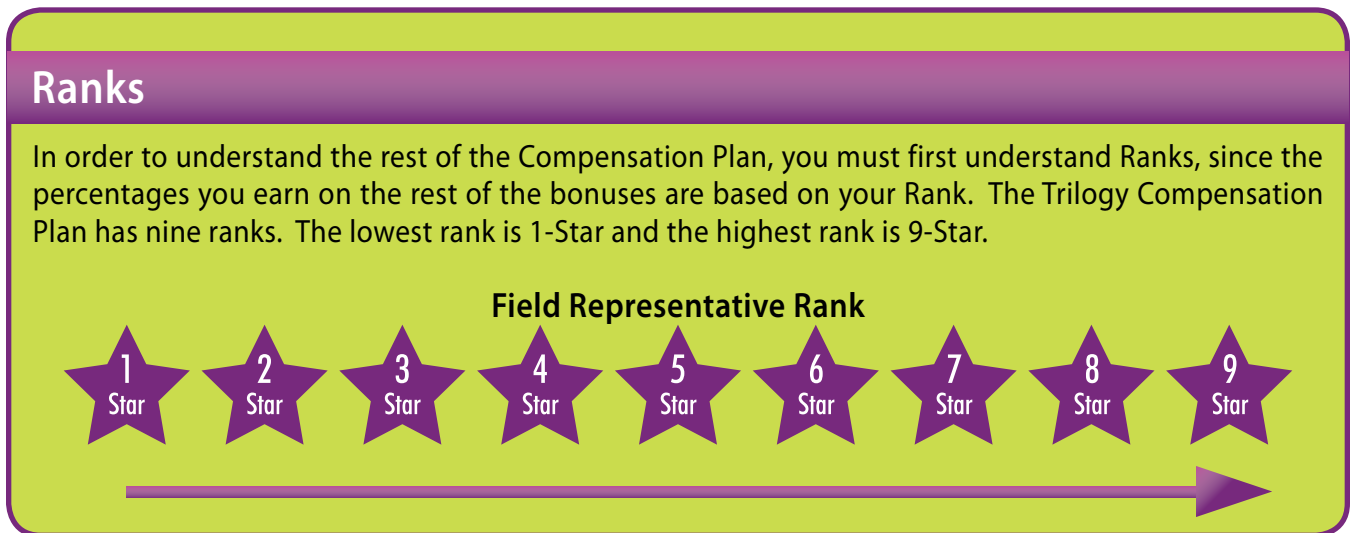
Building an organization is the key to harnessing the full power of the network marketing business model.

There are only 168 hours in a week, and there is a limit to how many hours any individual can work in that time period. With your help, other Field Representatives in your organization can build their own organizations, which could mean thousands of combined work hours. The best part is that you get paid on a percentage of the sales your organization generates! This is in addition to what you can earn on your own sales. So it is easy to see how over time, as your organization grows, you can earn more money with an organization than you could ever earn by yourself. You can also see how building an organization solves the problem of earning money even when you are not working.

The compensation plan is designed to reward you for your efforts in building your own organization of Field Representatives. Although there are actually four different bonuses that you can earn on the sales generated by your organization, we are only going to discuss two in this section. This is because the other two bonuses are earned at higher ranks of the compensation plan, and will therefore be covered in the next section. The two bonuses that we will cover in this section are the Recruiting Bonus and the Foundation Bonus.

### Advancing in Rank

For the purposes of this section, we will discuss how to advance from 1-Star to 4-Star. The rest of the ranks will be covered in the next section, Reaching 5-Star and Beyond.



To achieve any level of ranking, you must meet certain qualifications. The ranks you achieve in the Trilogy Compensation Plan are "Paid As" Ranks. That means if you qualify as a 4-Star one month, you are paid as a 4-Star. If the following month you qualify as a 3-Star, you are paid as a 3-Star, even though you previously attained the rank of 4-Star. So every month you are paid all your bonuses in accordance with the rank you achieved that month.

## Section #2 - Building An Organization

### Personal Group Sales

Personal Group Sales (PGS) includes your Personal Sales and the Personal Sales of all the Field Representatives in your organization.

The chart below shows the Personal Sales (PS) and Personal Group Sales (PGS) requirements that have to be met in order to advance through the early ranks of the Compensation Plan.

### Requirements to Advance in Rank from 1- to 4-Star

Field Representative Rank	1 Star	2 Star	3 Star	4 Star
Personal Sales (PS)	\$50	\$50	\$50	\$50
Personal Group Sales (PGS)	\$50	\$250	\$500	\$750

### Recruiting Bonus

As you may already know, when you joined Trilogy, you had two options: (1) joining as a Basic Field Representative, or (2) joining as an Executive Field Representative by purchasing an Executive Field Rep Pack.

Based on our past experience, Executive Field Representatives are more successful than Basic Field Representatives. The Executive Field Rep Pack gives new Reps everything they need to start earning money right away. Without it, new Reps have to buy sales aids individually and often spend more money and don't get everything they need to get their business off to a good start.

Executive Field Representatives are entitled to a very important benefit; they are eligible to receive Recruiting Bonuses. Basic Field Representatives are not eligible for Recruiting Bonuses. The good news is that you can become an Executive Field Representative at any time by purchasing an Executive Field Rep Pack.

The Recruiting Bonus rewards you for your recruiting efforts. For each one of your personally sponsored Field Representatives who purchase an Executive Field Rep Pack, you will receive \$30.00.

## Section #2 - Building An Organization

### Foundation Bonuses

The Foundation Bonuses are designed to reward you for building a solid foundation. You can do that by helping your Field Representatives build their organizations.

Simply said, the Foundation Bonus pays you a percentage of the Personal Commissionable Sales (PCS) of Field Representatives in your organization, according to the schedule below.

	1 Star	2 Star	3 Star	4 Star	5 Star	6 Star	7 Star	8 Star	9 Star
Foundation Bonus Level 1	10%	10%	10%	10%	10%	10%	10%	10%	10%
Foundation Bonus Level 2	→	8%	8%	10%	10%	10%	10%	10%	10%
Foundation Bonus Level 3	→	→	8%	8%	10%	10%	10%	10%	10%
Foundation Bonus Level 4	→	→	→	5%	5%	5%	5%	5%	5%
Foundation Bonus Level 5	→	→	→	→	4%	4%	4%	4%	4%
Foundation Bonus Level 6	→	→	→	→	→	3%	3%	3%	3%
Foundation Bonus Level 7	→	→	→	→	→	→	3%	3%	3%
Foundation Bonus Level 8	→	→	→	→	→	→	→	2%	2%
Foundation Bonus Level 9	→	→	→	→	→	→	→	→	1%

As you can see, the amount paid on any particular Field Representative depends on three factors:

1. Your Rank (1-Star through 9-Star ranks)
2. The level of your organization the Field Representative is on (Level 1 through 9)
3. The amount of PCS the Field Representative has in a given month

All three issues need further explanation, so let's start with rank.

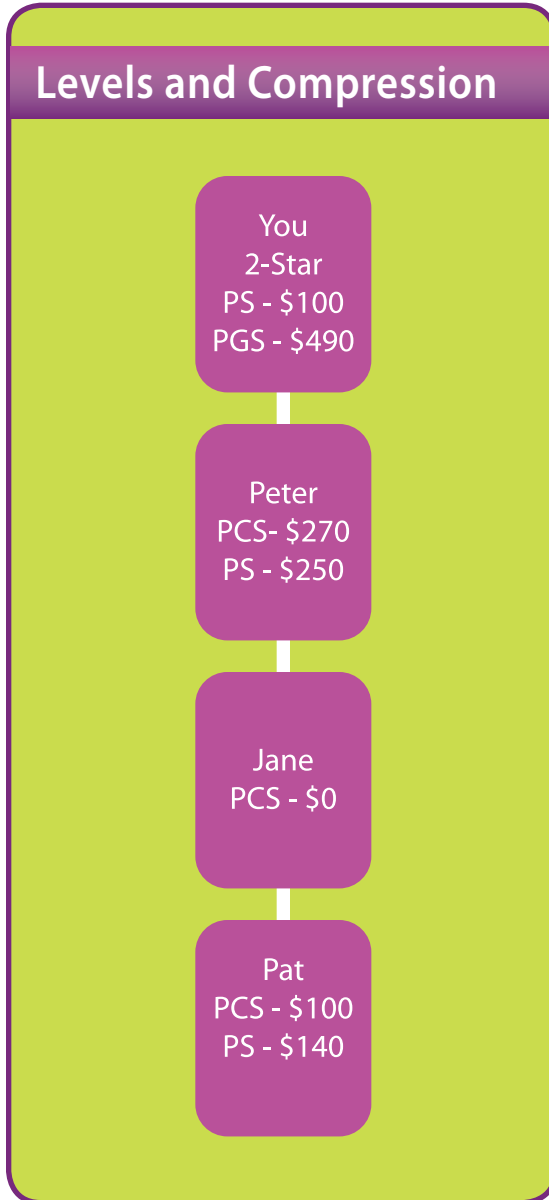
### Rank

As illustrated above, the higher your rank, the more levels you can earn a Foundation Bonus on. It's easy to remember; a 1-Star is paid on one level, a 2-Star is paid on two levels, a 3-Star is paid on three levels, all the way up to a 9-Star that is paid on nine levels.

## Section #2 - Building An Organization

### Levels And Compression

The chart on the previous page also illustrates how the Foundation Bonus percentage you are paid varies by level. Let's talk about the general concept of levels, and we'll throw in a twist at the end.



The basic concept of levels is simple. If you personally sponsor a Field Rep named Peter, then Peter is on your first level. If Peter has any customers, they are also considered to be on your first level. If Peter personally sponsors a Field Representative named Jane, she is on Peter's first level, and on your second level. Jane's customers would be on your second level as well. Any Field Representative Jane personally sponsors will be on your third level. See the illustration to the left.

Now let's make things interesting by adding some numbers. In the illustration to the left, you are a 2-Star. Peter has three customers. For this commission month, he has \$60 in CS himself. His customers have \$75.00, \$35.00 and \$100.00 in CS themselves. His PCS would be  $60+75+35+100 = \$270.00$ . Your Foundation Bonus would be a percentage of that \$270.00. Because Peter is on your first level, you would earn a Level 1 Foundation Bonus of 10%, which is \$27.00.

In the example, we assume Jane has no PCS for that month.

Jane has sponsored Pat, who had \$100.00 in PCS. Pat is on your third level. What happens with Pat? Now we have to introduce you to compression.

### Compression

If you have a Field Representative in your organization with no PCS in a given month, that Field Representative will be ignored or skipped when paying the Foundation Bonus. This means the Field Representative will not count against you as a level on your Foundation Bonus payout. This is so you are not penalized for having non-performers in your organization.

For the purpose of paying out Foundation Bonuses, without compression, Pat would have been your third level, and you would not have been paid on her. Because of compression, since Jane has no PCS, you would instead receive a Level 2 Foundation Bonus of 8% on \$100.00, which is \$8.00 on Pat. Compression is therefore a good thing, as it enables you to get paid a Foundation Bonus on up to nine productive levels of your organization, depending on your rank, not nine physical levels.

# Section #3 – 5-Star And Beyond

## Section #3 – 5-Star And Beyond

In order to advance in rank from 1-Star through 4-Star, you have to meet two requirements: (1) a Personal Sales (PS) requirement and (2) a Personal Group Sales (PGS) requirement. The PS requirement for those first four ranks is the same – you need to have at least \$50.00 in PS. The only variable factor is your PGS. If you build a customer base, it is possible to advance to 4-Star without having to recruit any Field Reps – you can do it all by yourself.

In order to advance past 4-Star, the requirements change and you have to start building an organization in order to advance in rank to 5-Star and beyond. Once you reach 7-Star, you become eligible for the final two bonuses in the Compensation Plan.

### Legs

Each one of your personally sponsored Field Reps is the head of their own organization and each one of those organizations is considered a “leg.” For example, if you personally recruited three Field Reps, you have three legs.

One of the qualification criteria for advancing to 5-Star and beyond has to do with how many legs of a certain rank you have. The “rank” of a leg is defined as the rank of the highest ranked Field Representative in that leg. For example, if the highest rank of any Field Representative in a leg is 4-Star, then the leg is referred to as a 4-Star leg. If the highest rank of any Field Representative in a leg is 7-Star, then the leg is considered a 7-Star leg.

In order to become a 5-Star, one requirement is that you must have two 4-Star or above legs. So in order to qualify as a 5-Star, you need two personally-sponsored Field Reps that are either ranked 4-Star or above or have someone ranked 4-Star or above in their organizations.

In order to become a 6-Star, one requirement is that you must have two 5-Star or above legs. So in order to qualify as a 6-Star, you need two personally-sponsored Field Reps that are either ranked 5-Star or above or have someone ranked 5-Star or above in their organizations.



# Section #3 – 5-Star And Beyond

## Ranks

Once you understand the concept of legs as outlined on the previous page, understanding how to advance to 5-Star and beyond will become easy. See the chart below.

Requirements to Advance in Rank									
Field Representative Rank	1 Star	2 Star	3 Star	4 Star	5 Star	6 Star	7 Star	8 Star	9 Star
Personal Sales (PS)	\$50	\$50	\$50	\$50	\$100	\$100	\$100	\$100	\$100
Personal Group Sales (PGS) 1-5 Star	\$50	\$250	\$500	\$750	N/A	N/A	N/A	N/A	N/A
Number of Qualifying 4-9 Star Legs					2	0	0	0	0
Number of Qualifying 5-9 Star Legs					0	2	4	6	8

### Permanent Rank

Once you achieve a rank, it's your permanent rank until you achieve the next highest rank. For example, if your "Paid As" rank is a 6-Star in January and your "Paid As" rank drops to 5-Star in February, your permanent rank is 6-Star. However, your commissions are always based on your "Paid As" rank in any given month.




## Star Club Bonus Pools

There are three pools: the 7-, 8- and 9-Star Club Bonus Pools. Trilogy places 2-1/4% of all total monthly Commissionable Sales (CS) into these three Pools.

The Star Club Bonus Pools were designed to let you share in the efforts of other Field Representatives even if they are not in your organization. They help create a sense of team spirit among all our Field Representatives.

All Field Representatives that achieve the rank of 7-Star in any given month will share in the 7-Star Club Bonus Pool. All Field Representatives that achieve the rank of 8- and 9-Star, respectively, will share in the 8 and 9-Star Club Bonus Pools. These Bonus Pools are exclusive; that is, only 7-Star Reps will share in the 7-Star Pool, only the 8-Star Reps will share in the 8-Star Pool and only the 9-Star Reps will share in the 9-Star Pool.




The first 50% of each Star Club Bonus Pool is shared equally among pool members. The remaining 50% of each Star Club Bonus Pool is prorated based on each Field Rep's total PGS. This is to reward Field Reps proportionately based on their success building their organizations. All 7-Stars will share in 1/2% of Trilogy's monthly Commissionable Sales. All 8-Stars will share in 3/4% and all 9-Stars will share in 1%.

Star Club Bonus Pools		
 7 Star Club Bonus Pool	 8 Star Club Bonus Pool	 9 Star Club Bonus Pool
1/2% of total CS	3/4% of total CS	1% of total CS

# Section #3 – 5-Star And Beyond

## Performance Bonuses

Performance Bonuses recognize your outstanding efforts for achieving some of the highest ranks. There is a 7-Star Performance Bonus, an 8-Star Performance Bonus and a 9-Star Performance Bonus. To be eligible for each bonus, you have to reach an appropriate rank, and meet a Personal Group Sales (PGS) requirement. The requirements and the payout percentages for the Performance Bonuses can be found in the illustration below.

Performance Bonus Qualifications			
			
Rank Qualifications	You must be a 7-Star or above	You must be an 8-Star or above	You must be a 9-Star
PGS Requirements	You must have at least \$20,000 in PGS	You must have at least \$100,000 in PGS	You must have at least \$250,000 in PGS
Percent Awarded	1% of PCS	1% of PCS	1% of PCS

As you advance in rank, you can earn all three Performance Bonuses. Each of the Performance Bonuses start at the level after the corresponding Foundation Bonus is paid out. For example, the Level 7 Performance Bonus starts at the level after the Level 7 Foundation Bonus is paid out. The Level 7 Performance Bonus will be paid out to the first eligible Rep ranked 7-Star or above that is encountered.

Performance Bonuses are cumulative, so as a 9-Star you can earn all three Performance Bonuses if you qualify.

## Conclusion

Finally, we'd like to congratulate you again on your important decision to become a part of the Trilogy family. We applaud your first steps toward securing a better tomorrow for you, your network and your customers.

Becoming a success in this business is not difficult, but it does take perseverance. Understanding exactly how you are compensated will help you to establish new goals for achievement. If you have any questions about the information included herein, please do not hesitate to call the dedicated Trilogy Field Support line at 772-781-7108.

We thank you for taking the time to familiarize yourself with the Trilogy Compensation Plan, and look forward with great anticipation to watching your personal business thrive for years to come.

Wishing you the very best,

The Trilogy Team