

# CPA COMPENSATION OPTIONS

When deciding to introduce financial services to a CPA practice, there are several compensation options available:

## Compensation Option 1

### Strategic Alliance Referral – Fees

In order for a CPA to receive referral fees related to insurance sales you must:

Contact your State Insurance Department and/or Your Legal Counsel

- Determine if the client's state allows an unlicensed, non-resident agent to receive compensation on business they have not been directly or indirectly involved with selling, soliciting, or negotiating.
- Obtain referral fee guidelines from the state, and review the conditions for utilizing a referral fee.
- If utilizing a referral fee is a good option, the CPA should sign a document stating the he/she understands the terms outlined by their state regarding the use of referral fees. Please work with your legal counsel to create the agreement. It may not reference National Life Group, or any NLG company or product.

National Life Insurance Company is not responsible for monitoring state guidelines on referral fees.

If the state does not allow unlicensed persons to accept referral fees, the only option for compensation is for the CPA to become licensed and contracted. You might also wish to consult with an insurance attorney to determine if there are other legal methods to share compensation.

Most states that allow referral fees have the following conditions:

- The referral fee must be a fixed nominal amount (\$20 to \$25).
- The referral fee is paid regardless of whether any insurance product is sold.
- The referral fee is not directly or indirectly charged to the insured or prospective insured in any manner.
- The referral fee does not constitute the unlawful payment or sharing of agent commissions to or by an unlicensed person.
- The unlicensed person receiving the referral fee does not act as an agent and does not discuss any specific insurance policy terms and conditions with the prospective client being referred.



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- The referral fee is not based upon the purchase of insurance by the prospective client being referred.
- Any negotiation, solicitation, or discussion of specific terms and conditions of life products would first require the CPA to be a licensed agent.

## Compensation Option 2

### Strategic Alliance – Commissions - Licensed

If the CPA is interested in becoming licensed the first step will be to contact your field manager.

#### Contact your field manager

- If the CPA is not licensed, define the licensing requirements in your state.
- Discuss details regarding classification and contract option.
- Fill out contracting paperwork using eContracting.

## Compensation Option 3

### Strategic Alliance – Licensing and Contracting a Corporation

Corporate contracts are available, with specified parameters:

- Variable business cannot be paid to a corporation
- All subagents must be licensed

#### Contact your managing director

- Some states require that all subagents must be a director or partner. Your field manager will contact your National Life Contracts and Licensing Representative to determine your state's specifications.
- Establish the corporation and have all members of the corporation obtain the appropriate licenses.
- Classification types available for corporations:
  - FTS (Full-Time Subagent)
  - INDS (Independent Subagent)
- Contract types available for corporations:
  - Corporate Income Builder Contract
  - Corporate Agent Compensation Agreement Contract
- Fill out contracting paperwork using eContracting. See Appendix A.

Note: See Appendix B for the MDRT Model we recommend for licensed CPAs participating in a Joint Venture.

## Appendix A

### eContracting

Instructions to use eContracting:

1. Email invitation to CPA to complete eContracting.
2. Click on link in email
3. Click on New Applicant
4. Create Login Account.
  - a. CPA receives an email letting you know you have 30 days to complete and submit contracting. If you save and exit at any point you can access the application again by clicking on the “return to application” link in the email.
5. All boxes preceded by a RED\* must be filled in for the form to be “completed”.
6. To save your information, click on Next.
7. Proceed through pages of online contracting.
8. You can save and exit at any time.
9. Sign and submit application
10. You will receive an email letting you know your contracting has been submitted to your agency.

### CPAs may need to provide the agency with the following documentation:

- Two forms of identification
- Proof of identity and employment eligibility for non-US Citizens (i.e. Green Card)
- Copy of E&O certificate or enroll in company program within 30 days



## Appendix B

### MDRT Model for Joint Work

Once the CPA is licensed we recommend, but do not mandate, the MDRT Model. The MDRT Model is an industry standard. It was developed by the Million Dollar Round Table, providing a model for splitting joint work based on the level of participation in each area of the sales process:

- 20% Prospecting
- 20% Fact Finding
- 20% Case Preparation and Design
- 20% Close
- 20% Service

