

Date: [Insert Date]

Recipient Name: [Insert Employee Name]

Employee ID: [Insert ID Number]

Address: [Insert Employee Address]

Subject: Notification of Commission-Based Income Payment Arrangement

Dear [Insert Employee Name],

This letter serves to formally outline the terms and conditions regarding your commission-based compensation arrangement with [Insert Company Name], effective as of [Insert Start Date].

1. Compensation Structure:

Your income will be calculated based on the following structure: [Insert Percentage or Formula, e.g., 5% of gross sales].

2. Draw Against Commission (If Applicable):

You will receive a [Insert "Recoverable" or "Non-recoverable"] draw of \$[Insert Amount] per [Insert Period, e.g., Month]. This draw will be deducted from your earned commissions during the next payout cycle.

3. Payment Schedule:

Commissions earned will be calculated on a [Insert Basis, e.g., Monthly/Quarterly] basis. Payments will be disbursed on the [Insert Day, e.g., 15th] day of the following month.

4. Eligibility and Vesting:

Commission is considered earned only when [Insert Condition, e.g., the client payment has been received in full]. In the event of a refund or cancellation, previously paid commissions may be subject to a "chargeback" or deduction from future earnings.

5. Termination:

Upon termination of employment, any pending commissions will be paid out according to [Insert State Law or Company Policy], provided the criteria for earning the commission were met prior to the final date of employment.

Please sign below to acknowledge your understanding and acceptance of this payment arrangement.

Sincerely,

[Insert Name]

[Insert Title]

[Insert Company Name]

Employee Acknowledgment:

I, [Insert Employee Name], accept the terms of the commission-based income arrangement as described above.

Signature: _____ Date: _____