



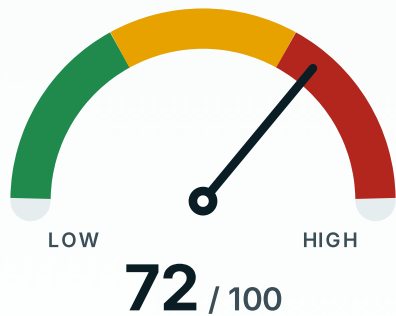
SAMPLE REPORT

# Your Commission Clarity analysis

Plan: Northwind Cloud Systems · FY2026 AE Plan · Compared to: FY2025 · Deals modeled: 12 (2025)

Jurisdiction: California

### OVERALL RISK



**High**

This plan is materially less rep-friendly than last year's, with several aggressive clauses California law would scrutinize.

### OTE HEALTH

**STRETCH**

OTE is reachable in theory, but at last year's production you'd land near 100% quota and earn only about half of variable target before any accelerator kicks in.

### ESTIMATED PAY CHANGE

**-\$59,861**

Same 2025 deals, modeled under the new plan, pay roughly \$60K less.

### WHAT CHANGED VS. LAST YEAR

**11** of 11 changes favor the company

Of 11 changes from last year, all 11 favor the company.

**Informational analysis only.** This is not legal advice. Quotes are taken verbatim from the plan you provided. For decisions about signing or disputing, talk to a licensed attorney in your state.

## Summary

The FY2026 Northwind Cloud Systems AE plan keeps the \$180,000 OTE but raises annual quota 20% (from \$1.0M to \$1.2M), compresses the first-tier rate from 9% to 7.5%, removes the multi-year multiplier, eliminates the AE renewal commission, lengthens the clawback window to 12 months, and tightens the

definition of an “earned” commission to a three-condition test that includes customer cash receipt. Several clauses—retroactive plan modifications, post-employment clawback, voluntary-resignation forfeiture, and a 30-day dispute waiver—are aggressive relative to typical SaaS AE plans and to your own FY2025 plan. Modeling your 2025 deals against this plan suggests roughly \$60K less commission for an identical year of production.

#### IN PLAIN ENGLISH

Translation: the company kept your \$180K target the same on paper, but raised the bar you have to clear by 20% and lowered the rate you earn on the easiest part of that bar. Several rules also let them take money back, change the plan after the fact, or refuse to pay you commissions you've already worked for.

## OTE realism

### STRETCH

Quota rose 20% to \$1.2M while the entry-tier rate was cut from 9% to 7.5%. To hit the same \$90K variable target, you now need to deliver more ARR and rely more heavily on Tier 2+ attainment. Based on your FY2025 production of ~\$1.18M in commissionable New+Expansion ARR, you would land just below 100% of the new quota and earn roughly half of variable target before any accelerator kicks in. OTE is achievable but no longer realistic at last year's production level.

#### IN PLAIN ENGLISH

Translation: the \$180K is technically possible, but with the new quota and rates, you'd have to do better than last year just to come close to it. If you do exactly what you did last year, you earn meaningfully less.

## Tier mechanics

### Tier 1

**Rate:** 7.5% of New ARR · **Trigger:** 0–70% of quarterly quota

Down from 9% in the FY2025 plan and the band is narrower (prior plan ran 0–100% at 9%).

### Tier 2

**Rate:** 9.0% of New ARR · **Trigger:** 70%–100% of quarterly quota

New band introduced in FY2026; matches the prior plan's base rate but only kicks in past 70% attainment.

### ↗ Tier 3 (accelerator)

**Rate:** 13.5% of New ARR · **Trigger:** 100%–150% of quarterly quota  
Same accelerator rate as FY2025 but on a higher quota base.

### ↗ Tier 4 (super-accelerator)

**Rate:** 18.0% of New ARR · **Trigger:** >150% of quarterly quota  
Same as FY2025.

### ⊖ Renewals

**Rate:** 0% to AE (1% to CSM) · **Trigger:** Renewal of any account  
FY2025 paid the originating AE 2% on renewals. That credit is gone in FY2026.

### ✓ Expansion ARR

**Rate:** Same as New ARR tiers · **Trigger:** Upsell or cross-sell on existing accounts  
Unchanged from FY2025.

## ↗ Accelerators & decelerators

### ACCELERATOR

**Trigger:** Quarterly attainment 100%–150%  
**Effect:** 1.5x rate (13.5% vs. 9% base)

### ACCELERATOR

**Trigger:** Quarterly attainment >150%  
**Effect:** 2x rate (18% vs. 9% base)

### DECELERATOR

**Trigger:** Quarterly attainment 0–70%  
**Effect:** Implicit decelerator: the new 7.5% Tier 1 effectively cuts the entry-rate by 17% versus FY2025's 9% rate on the same band.

### DECELERATOR

**Trigger:** Months 1–3 of ramp  
**Effect:** No commission paid unless attainment exceeds 50% of the ramped monthly quota; FY2025 paid commission from day one.

## DECELERATOR

**Trigger:** Multi-year deal closure

**Effect:** No multi-year multiplier. FY2025 paid 1.25x on 2-year deals and 1.5x on 3-year+ deals.

## ← Clawback exposure

### Customer cancels, churns, or fails to pay within 12 months of contract start

HIGH

**At risk:** 100% of commission paid on the affected deal

*If a customer cancels, churns, or fails to pay within 12 months of contract start, all commission paid on that deal shall be deducted from the AE's next commission payment(s) until fully recovered. (Section 8.1)*

### AE has separated from the company at the time of clawback event

HIGH

**At risk:** Cash repayment within 30 days of written demand

*If the AE has separated from the Company, the AE agrees to repay such amounts within 30 days of written demand. (Section 8.1)*

### Finance reclassifies revenue (services, hardware pass-through, mis-bookings)

MEDIUM

**At risk:** Discretionary; no cap stated

*If a deal is later determined by Finance to have been mis-booked, mis-categorized, or to have included non-qualifying revenue ... commissions on the non-qualifying portion shall be clawed back at the Company's discretion. (Section 8.2)*

### Voluntary resignation before all three "earned" conditions are met

HIGH

**At risk:** 100% of unpaid commissions on signed-but-not-yet-earned deals

*AE forfeits all unpaid commissions on deals not yet "earned" (per Section 7) as of the last day of employment, regardless of when signed. (Section 9.1)*

### Post-termination customer solicitation

MEDIUM

**At risk:** Clawback of commissions paid on relevant accounts

*Violation may result in clawback of commissions paid on the relevant accounts. (Section 12)*

## 🔗 IN PLAIN ENGLISH

Translation: if the customer cancels or stops paying within a year, you owe back the commission. If you've already left the company when that happens, they can demand the cash back — from your bank account, not your next paycheck.

## 🔍 Ambiguous clauses

### Retroactive plan modifications

*The Company reserves the right, in its sole discretion, to modify, amend, or terminate this Plan at any time, with or without notice, including retroactively. (Section 1)*

The phrase "including retroactively" is unusual. It is unclear whether the company can retroactively reduce commission rates on deals that have already closed, and the plan does not carve out previously paid or already-earned commissions from the modification right.

### Three-condition definition of "earned"

*A deal is not considered "earned" for purposes of this Plan until all three conditions are met. (Section 7)*

Tying "earned" status to receipt of the customer's PO and initial cash means a deal can be signed, booked, and recognized by the company yet remain un-earned by the AE. The plan does not address what happens when collection is delayed by company-side billing, contracting, or finance issues.

### Discretionary SPIFFs

*Quarterly SPIFFs may be announced at the Company's discretion and are not guaranteed. (Section 6)*

There is no published SPIFF schedule, no definition of what triggers a SPIFF, and no notice requirement. Reps cannot plan around them.

### Change of Control substitution right

*The Company or its successor reserves the right to substitute an alternative compensation structure of equivalent or greater target value. Accelerated vesting of commissions is not provided. (Section 11)*

"Equivalent or greater target value" is not defined. "Target" could be interpreted as OTE, variable target, or expected payout. The FY2025 plan, by contrast, accelerated outstanding commissions on a Change of Control.

### Mis-booking clawback at "the Company's discretion"

*...commissions on the non-qualifying portion shall be clawed back at the Company's discretion. (Section 8.2)*

Discretionary clawback with no appeal window other than the 30-day Section 10 process gives Finance broad latitude to recategorize revenue after the fact.

## 🚩 Red flags

⏪ Retroactive plan modifications permitted in the company's sole discretion (Section 1).

HIGH

- 🔒 Three-condition "earned" test requires customer cash receipt, shifting collections risk onto the AE (Section 7). **HIGH**
- ↶ 12-month clawback window with post-employment cash-repayment obligation within 30 days of written demand (Section 8.1, 8.3). **HIGH**
- ⊗ Voluntary resignation forfeits all unpaid commissions on signed-but-not-yet-earned deals, regardless of when signed (Section 9.1). **HIGH**
- 🕒 30-day dispute waiver: failure to dispute within 30 days waives any challenge (Section 10). **HIGH**
- ⊖ Renewal commission for the originating AE removed entirely in FY2026 (Section 5). **MEDIUM**
- ⊖ Multi-year multiplier removed entirely; AE no longer rewarded for landing longer-term contracts (Section 4). **MEDIUM**
- ↘ No commission on deals closed in Months 1-3 unless attainment exceeds 50% of ramped quota (Section 3). **MEDIUM**
- ↘ Tier 1 rate cut from 9% to 7.5% on a higher quota base; effective base-tier earnings drop materially. **MEDIUM**
- ⚠️ Change of Control acceleration was removed versus FY2025; successor may substitute "equivalent or greater target value" compensation (Section 11). **MEDIUM**

## ↘ Year-over-year comparison

Compared with the FY2025 plan, FY2026 keeps the \$180K OTE but raises quota 20%, compresses the entry tier, removes the multi-year multiplier, eliminates the AE renewal credit, lengthens clawback from 6 to 12 months, narrows the definition of "earned," and removes Change of Control acceleration. The plan is materially less rep-friendly across nearly every dimension we checked.

**11**

Favor the company

**0**

Neutral

**0**

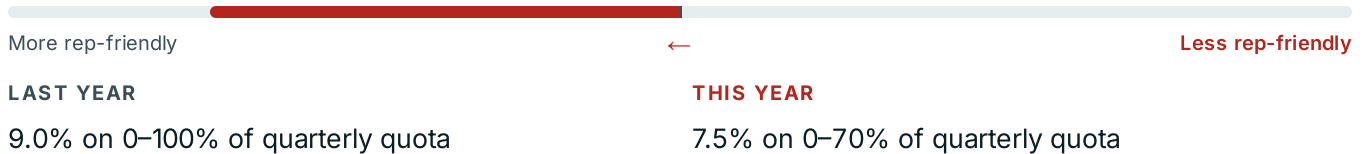
Favor the rep

## Annual quota



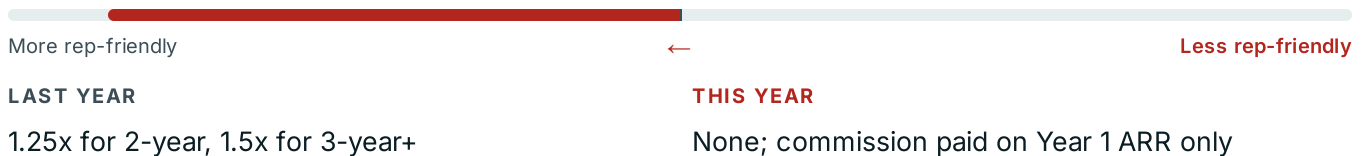
**Impact:** 20% higher quota for the same OTE; Tier 1–Tier 2 thresholds are now harder to clear.

## Tier 1 rate



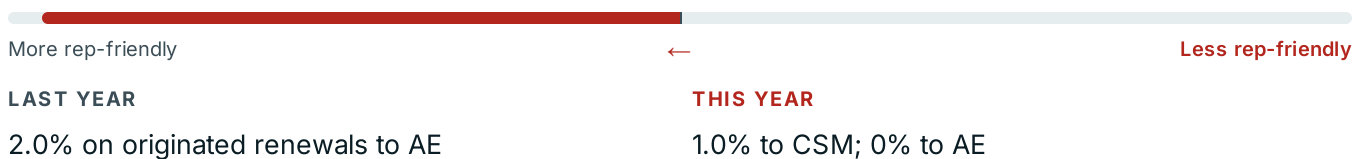
**Impact:** Entry-rate cut 17%; only deals beyond 70% quarterly attainment recover the prior 9% rate.

## Multi-year multiplier



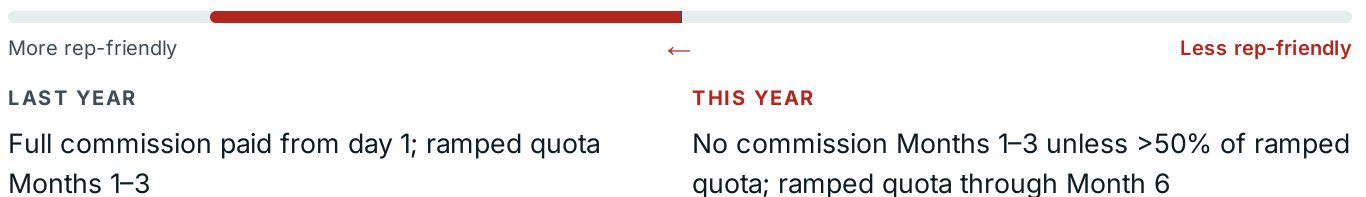
**Impact:** Significant pay loss on multi-year deals. Modeled on your 2025 book this alone removed roughly \$20K–\$30K of comp.

## Renewal commission



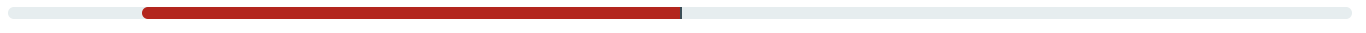
**Impact:** AE loses all renewal participation, including on accounts they originated.

## Ramp



**Impact:** New hires earn nothing on early deals below the threshold; longer ramp before full quota.


### Clawback window



More rep-friendly	←	Less rep-friendly
<b>LAST YEAR</b>		<b>THIS YEAR</b>
6 months, pro-rata		12 months, full clawback

**Impact:** Doubles the period in which churn can claw back paid commission and removes pro-rata softening.


### Post-employment clawback



More rep-friendly	←	Less rep-friendly
<b>LAST YEAR</b>		<b>THIS YEAR</b>
Not specified		Cash repayment within 30 days of written demand if separated

**Impact:** Materially expanded personal liability after leaving the company.


### Definition of "earned"



More rep-friendly	←	Less rep-friendly
<b>LAST YEAR</b>		<b>THIS YEAR</b>
Signed order form makes the deal earned		Three-condition test: signature + PO + initial cash receipt

**Impact:** Shifts customer-collection risk from the company to the rep.


### Change of Control



More rep-friendly	←	Less rep-friendly
<b>LAST YEAR</b>		<b>THIS YEAR</b>
Outstanding commissions accelerate within 30 days		No acceleration; successor may substitute equivalent-target plan

**Impact:** Removes a meaningful protection in an acquisition scenario.

### Modification right



More rep-friendly	←	Less rep-friendly
<b>LAST YEAR</b>		<b>THIS YEAR</b>
30-day written notice; not retroactive		Sole discretion, no notice, including retroactively

**Impact:** Plan can be changed without warning and (per the text) retroactively.

## Dispute window

More rep-friendly



Less rep-friendly

LAST YEAR

THIS YEAR

Not specified

30 days, then waived

**Impact:** Tight waiver clock that can run before a rep notices a payout error.

## Deal-by-deal modeling

Re-running your 12 closed deals from 2025 (~\$1.388M total Y1 ACV; ~\$1.178M commissionable New+Expansion; \$210K renewals) against the FY2026 plan produces an estimated \$97,830 in commission, versus an estimated \$157,691 under the FY2025 plan — a delta of approximately -\$59,861, or roughly 38% less for the same year of production.

Under last year's plan

**\$157,691**

Under the new plan

**\$97,830**

YOU'D TAKE HOME

**-\$59,861**

roughly -38%

for the same year of work

### IN PLAIN ENGLISH

Translation: we ran your actual 2025 deals against this new plan. Same work, same wins, same accounts — you would have made about \$60K less.

### ASSUMPTIONS

- Prior-plan tiers applied per quarter as 0–100% @ 9%, 100–150% @ 13.5%, >150% @ 18%; new-plan tiers applied as 0–70% @ 7.5%, 70–100% @ 9%, 100–150% @ 13.5%, >150% @ 18%.
- Commissionable ARR is Year-1 ACV from New Logo and Expansion deals only; renewals are excluded under the new plan and credited to the AE at 2% under the prior plan.
- Multi-year multipliers under the prior plan applied to Year-1 ACV only (1.25x for 2-year, 1.5x for 3-year+).
- Deal close-quarter assigned by close\_date; quarterly attainment is calculated against \$250K (prior) and \$300K (new) quarterly quota.
- All deals assumed to satisfy each plan's "earned" test in the close quarter; no clawback or churn applied.
- All deals assumed to be post-ramp; no Section 3 ramp adjustment applied. If any of these deals occurred in your first 3 months at the company, the new-plan number would be lower.

The single largest drivers of the gap are (1) the elimination of the multi-year multiplier, which alone affected six deals totaling \$1.0M+ in Y1 ARR, (2) the removal of the 2% AE renewal credit on \$210K of renewals, and (3) the compressed Tier 1 rate (7.5% vs. 9%) on the first 70% of each quarter. These are estimates intended to size the change — not a guarantee of either outcome.

## Questions to ask your employer

- 1 Will Section 1's retroactive modification right ever be applied to commissions already paid or already earned, or is it limited to forward-looking changes?
- 2 What happens when the customer's PO or initial cash payment is delayed by company-side processes (billing, contracting, finance)? Does the deal still count as "earned" for me?
- 3 If I voluntarily resign with deals signed but cash not yet received, is there any practice or precedent of paying out commission on those deals, or is forfeiture absolute?
- 4 How is "non-qualifying revenue" in Section 8.2 determined? Is there a written categorization policy and an appeal process beyond the 30-day Section 10 window?
- 5 Why was the renewal commission for the originating AE removed in FY2026, and is there any account-tenure or strategic-account exception?
- 6 Why was the multi-year multiplier eliminated, and is there any partial credit (e.g., bonus on TCV above a threshold) for landing 2- or 3-year deals?
- 7 Can the 30-day dispute window in Section 10 be extended, and is the Sales Compensation Committee's determination subject to any written appeal?
- 8 On a Change of Control, what specifically counts as "equivalent or greater target value" — OTE, variable target, or modeled expected payout based on pipeline?
- 9 Does Section 12's non-solicitation clawback apply to customers I solicit indirectly (e.g., via a new employer's outbound team), and how is "introduced during employment" defined?
- 10 Will the company provide a signed copy of this plan, including any side-letter modifications, as required under California Labor Code §2751?

## Jurisdiction notes — California

- California Labor Code §2751 requires that commission plans for employees performing services in California be in writing, set forth the method of computation and payment, and that the employer give the employee a signed copy and obtain a signed receipt. Confirm you receive a signed copy with all schedules and side letters.
- Earned commissions are wages under California law (Labor Code §§200–204) and must generally be paid on the regular payroll cycle once earned. Plan provisions that purport to defer or forfeit commissions that have already been earned are generally unenforceable in California.
- California courts (e.g., the Schachter v. Citigroup line of cases) have upheld plan-defined conditions for when a commission becomes "earned," but only when those conditions are clearly stated in advance. The Section 7 three-condition test should be evaluated in that light — once all three conditions are met, the commission is wages and must be paid.
- On termination (whether voluntary or involuntary), California requires final wages — including any commissions already earned — to be paid promptly under Labor Code §§201–202. Section 9.1's forfeiture of unpaid

commissions on deals signed before separation should be evaluated against this rule for any commissions that meet the plan's "earned" definition before the last day of employment.

- Post-employment clawback that requires the employee to repay commissions out of pocket may face scrutiny under Labor Code §221 (no recovery of wages already paid) and the unlawful-deductions framework, particularly where the underlying event is outside the employee's control.
- California strongly disfavors broad post-employment non-solicit covenants under Business & Professions Code §16600 (with narrow trade-secret exceptions). Section 12's 12-month customer non-solicit, and any associated commission clawback, may be limited or unenforceable as applied to a California-based AE.
- This is informational only and not legal advice. If any of these areas matter to you, talk to a California-licensed employment attorney before signing or before disputing a payout.

Informational only. Not legal advice. Statutes change — confirm with a licensed attorney in your state.

## ✓ What to do next



1

### Save the plan and any side letters

Keep a dated, complete copy of every version you receive. California requires the company to give you a signed copy on request.



2

### Send the questions in writing

Email the 10 questions on page 4 to your manager and HR. Written answers protect you if the plan is ever interpreted differently later.



3

### Mark the 30-day clock on every paycheck

If a payout looks wrong, dispute it in writing within 30 days. After that, Section 10 says you've waived your right.



4

### Talk to a California employment attorney before signing

Especially if you'd be relying heavily on multi-year deals, renewals, or post-ramp commissions. Many offer free or low-cost initial calls.

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