



# 2021 Special Producer Compensation (SPC) Program

**Growing our business together**







By believing in Guardian and keeping us in mind when writing new business and renewing existing business, you have made us successful at helping protect futures and helping secure lives.

That's why, for 2021, we created a new bonus plan that rewards you for your sales efforts and continued commitment to growing your business with us.

Our new program design recognizes new and long-standing business relationships, across all size firms, with a competitive payout.

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## What's New?

### Introducing our new 2021 SPC program

**We are excited to introduce to you the details of our 2021 Special Producer Compensation (SPC) Program which, compared to past programs, is simpler, more streamlined, and rewards you with higher payout scales as your book of business grows with us. Here's what's new:**

- You can qualify for two separate bonuses:
  - New Business Bonus
  - Persistency Bonus
- We have eliminated the coverage point-based system used to determine your qualification level. Now, qualification for the new business bonus can be achieved by either Lines of Coverage (LOC) sold **or** First Year Premium (annualized).
- Payout scales are based on the size of your book of business. For 2021, there are now four book of business tiers:
  - Less than \$2 million
  - \$2 million - to less than \$7.5 million
  - \$7.5 million - to less than \$15 million
  - \$15 million or more

Easy to understand

Simple to use

New ways to qualify



**If you have any questions about our SPC program, you can contact your Guardian Group Sales Consultant for more information.**

# New Business Bonus:

## For producers with a book of business less than \$2 million

You can qualify for the New Business (NB) Bonus based on new business lines of coverage (LOC) or Annualized First Year Premiums sold with 2021 effective dates. If qualified, you would be paid the NB bonus on "ALL" eligible paid premiums, including 1st year and inforce premiums.



### Qualification requirements and payout grid

Broker Book of less than \$2 million	Qualification Requirements				Payout Scale				
	Level	LOC	OR	First Year Premium (annualized)	< 25 life groups	25+life groups			
						First \$100,000	Next \$150,000	Next \$750,000	Balance
Gold	40		\$450,000	2.0%	2.5%	1.4%	1.15%	0.35%	
Silver	35		\$350,000	1.5%	2.0%	0.9%	0.65%	0.2%	
Bronze	30		\$300,000	1.0%	1.0%	0.5%	0.25%	0.1%	

**For new business cases with 1,000+ insured lives, Guardian will add 2% on first year premium and fees to each of its applicable bonus percentages**



### New business qualification example

- Bill has a final year end 2020 book size with Guardian totaling \$1.5 million.
- For 2021, his new business results were 30 LOC sold with \$140,000 in First Year Premium (annualized).
- Based on his 30 LOC sold, this placed Bill in the Bronze category.

#### New for 2021

- More ways to qualify
- A simple, easy-to-understand program
- Payout scales that increase with higher book of business.



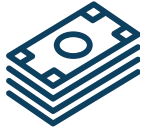
### Notes:

- Qualification for Gold or Silver level requires 80% or better persistency. If your persistency is less than 80%, your bonus will be calculated using the Bronze payout scale. (Minimum persistency threshold only applies to brokers with 10 or more inforce lines of coverage.)
- Bonuses are calculated on premiums paid/posted within calendar year 2021.
- Bonus is payable only on plans inforce as of 12/31/2021 and provided those plans remain in effect for some period of time in 2022.
- For determining the proper payout scale, if a plan has multiple coverages, insured lives is determined by the coverage with the highest number of insured lives.
- When calculating new business lines of coverage for a plan, Supplemental Health coverages with <25 insured lives are bundled and counted as one LOC. Any Supplemental Health coverage with 25+ insured lives will each count as one LOC.

# New Business Bonus:

## For producers with a book of business \$2 million to less than \$7.5 million

You can qualify for the New Business (NB) Bonus based on new business lines of coverage (LOC) or Annualized First Year Premiums sold with 2021 effective dates. If qualified, you would be paid the NB bonus on "ALL" eligible paid premiums, including 1st year and inforce premiums.



### Qualification requirements and payout grid

Broker Book of \$2 million to less than \$7.5 million	Qualification Requirements				Payout Scale				
	Level	LOC	OR	First Year Premium (annualized)	< 25 life groups	25+ life groups			Balance
						First \$100,000	Next \$150,000	Next \$750,000	
Gold	50		\$600,000	2.0%	3.0%	1.9%	1.65%	0.5%	
Silver	40		\$450,000	1.5%	2.5%	1.4%	1.15%	0.35%	
Bronze	30		\$300,000	1.0%	1.0%	0.5%	0.25%	0.1%	

**For new business cases with 1,000+ insured lives, Guardian will add 2% on first year premium and fees to each of its applicable bonus percentages**



### New business qualification example

- Sue has a final year end 2020 book size with Guardian totaling \$3 million.
- For 2021, her new business results were 15 LOC sold with \$450,000 in First Year Premium (annualized).
- Based on her \$450,000 First Year Premium (annualized), this placed Sue in the Silver category.

#### New for 2021

- More ways to qualify
- A simple, easy-to-understand program
- Payout scales that increase with higher book of business.



### Notes:

- Qualification for Gold or Silver level requires 80% or better persistency. If your persistency is less than 80%, your bonus will be calculated using the Bronze payout scale. (Minimum persistency threshold only applies to brokers with 10 or more inforce lines of coverage.)
- Bonuses are calculated on premiums paid/posted within calendar year 2021.
- Bonus is payable only on plans inforce as of 12/31/2021 and provided those plans remain in effect for some period of time in 2022.
- For determining the proper payout scale, if a plan has multiple coverages, insured lives is determined by the coverage with the highest number of insured lives.
- When calculating new business lines of coverage for a plan, Supplemental Health coverages with <25 insured lives are bundled and counted as one LOC. Any Supplemental Health coverage with 25+ insured lives will each count as one LOC.

# New Business Bonus:

## For producers with a book of business \$7.5 million to less than \$15 million

You can qualify for the New Business (NB) Bonus based on new business lines of coverage (LOC) or Annualized First Year Premiums sold with 2021 effective dates. If qualified, you would be paid the NB bonus on "ALL" eligible paid premiums, including 1st year and inforce premiums.



### Qualification requirements and payout grid

Broker Book of \$7.5 million to less than \$15 million	Qualification Requirements				Payout Scale				
	Level	LOC	OR	First Year Premium (annualized)	< 25 life groups	25+ life groups			
						First \$100,000	Next \$150,000	Next \$750,000	Balance
Gold	65		\$1,000,000	2.0%	3.25%	2.15%	1.9%	0.65%	
Silver	50		\$600,000	1.5%	3.0%	1.9%	1.65%	0.5%	
Bronze	30		\$300,000	1.0%	1.0%	0.5%	0.25%	0.1%	

**For new business cases with 1,000+ insured lives, Guardian will add 2% on first year premium and fees to each of its applicable bonus percentages**



### New business qualification example

- Lauren has a final year end 2020 book size with Guardian totaling \$9 million.
- For 2021, her new business results were 85 LOC sold with \$2 million in First Year Premium (annualized).
- Either her 85 LOC sold or her \$2 million in First Year Premium (annualized) placed Lauren in the Gold category.

#### New for 2021

- More ways to qualify
- A simple, easy-to-understand program
- Payout scales that increase with higher book of business.



### Notes:

- Qualification for Gold or Silver level requires 80% or better persistency. If your persistency is less than 80%, your bonus will be calculated using the Bronze payout scale. (Minimum persistency threshold only applies to brokers with 10 or more inforce lines of coverage.)
- Bonuses are calculated on premiums paid/posted within calendar year 2021.
- Bonus is payable only on plans inforce as of 12/31/2021 and provided those plans remain in effect for some period of time in 2022.
- For determining the proper payout scale, if a plan has multiple coverages, insured lives is determined by the coverage with the highest number of insured lives.
- When calculating new business lines of coverage for a plan, Supplemental Health coverages with <25 insured lives are bundled and counted as one LOC. Any Supplemental Health coverage with 25+ insured lives will each count as one LOC.

# New Business Bonus:

## For producers with a book of business \$15 million or more

You can qualify for the New Business (NB) Bonus based on new business lines of coverage (LOC) or Annualized First Year Premiums sold with 2021 effective dates. If qualified, you would be paid the NB bonus on "ALL" eligible paid premiums, including 1st year and inforce premiums.



### Qualification requirements and payout grid

Broker Book of \$15 million or more	Qualification Requirements				Payout Scale				
	Level	LOC	OR	First Year Premium (annualized)	< 25 life groups	25+ life groups			Balance
						First \$100,000	Next \$150,000	Next \$750,000	
Gold	85		17%	2.0%	3.75%	2.65%	2.4%	0.9%	
Silver	65		12%	1.5%	3.25%	2.15%	1.9%	0.65%	
Bronze	30		7%	1.0%	1.0%	0.5%	0.25%	0.1%	

**For new business cases with 1,000+ insured lives, Guardian will add 2% on first year premium and fees to each of its applicable bonus percentages**



### New business qualification example

- ABC Brokerage firm has a final year end 2020 book size with Guardian totaling \$16 million.
- For 2021, the new business results were 90 LOC sold with \$1,200,000 million (7.5% annualized) in First Year Premium (annualized).
- While the 7.5% of annualized new premiums would have only qualified ABC Brokerage firm for Bronze, based on the 90 LOC sold, this placed ABC Brokerage firm in the Gold category.

#### New for 2021

- More ways to qualify
- A simple, easy-to-understand program
- Payout scales that increase with higher book of business.



### Notes:

- Qualification for Gold or Silver level requires 80% or better persistency. If your persistency is less than 80%, your bonus will be calculated using the Bronze payout scale. (Minimum persistency threshold only applies to brokers with 10 or more inforce lines of coverage.)
- Bonuses are calculated on premiums paid/posted within calendar year 2021.
- Bonus is payable only on plans inforce as of 12/31/2021 and provided those plans remain in effect for some period of time in 2022.
- For determining the proper payout scale, if a plan has multiple coverages, insured lives is determined by the coverage with the highest number of insured lives.
- When calculating new business lines of coverage for a plan, Supplemental Health coverages with <25 insured lives are bundled and counted as one LOC. Any Supplemental Health coverage with 25+ insured lives will each count as one LOC.
- Percentage annualized is calculated as a percentage of your final year end 2020 book size rounded to the nearest \$50,000.



## Persistency Bonus

To be eligible to qualify for the persistency bonus, you need to have a minimum book of business of \$500,000 and achieve at least the Bronze level new business qualification; which is 30 LOC or the Bronze annualized first year premium requirements indicated in the grid. In the event you have less than 10 lines of coverage, persistency percentage will not be calculated, however, as long as you have the minimum \$500,000 book of business and have met Bronze new business qualification, you will be paid a persistency bonus at the 83% level. The Persistency bonus is paid in addition to your New Business Bonus and calculated on "ALL" eligible paid premium, including 1st year and inforce premiums.

You will qualify for the persistency bonus if you achieve at least an 83% persistency level:

Persistency Bonus			
Persistency Level	All groups		
	First \$100,000	Next \$900,000	Balance
92%	1.75%	0.75%	0.25%
87%	1.0%	0.50%	0.25%
83%	0.5%	0.35%	0.15%

**Persistency bonus requires a minimum book of business of \$500,000 and at least Bronze level NB qualification.**



### How to calculate premium persistency

This calculation will be used in determining your new business and persistency bonus payouts. The Premium Persistency is calculated by dividing the producer's January 1, 2022 Inforce Capped Premium by the producer's January 1, 2021 Inforce Capped Premium for the same coverages.

Illustration of the premium persistency calculation:

Customer	Coverages	Beginning Premium	Capped Beginning Premium	Capped Ending Premium	Capped Premium Persistency
Customer A	Life & LTD	\$550,000	\$100,000	\$--	0%
Customer B	Dental & Vision	\$250,000	\$250,000	\$250,000	100%
Customer C	Life & STD	\$350,000	\$100,000	\$100,000	100%
Customer D	Dental & Vision	\$1,000,000	\$250,000	\$250,000	100%
Customer E	Life & Accident	\$75,000	\$75,000	\$75,000	100%
<b>Total</b>		<b>\$2,225,000</b>	<b>\$775,000</b>	<b>\$675,000</b>	<b>87.1%</b>



### Notes:

- Requires at least Bronze level NB qualification and a minimum book of business of \$500,000.
- A per case premium cap of \$100,000 for Life/AD&D, Disability, and Supplemental Health coverages combined, and \$250,000 for Dental and Vision combined, will be applied to minimize the impact of large cases on a producer's persistency.
- Persistency measurement, for benefits/plans effective on or prior to 12/31/2020, is from 1/1/2021 through 1/1/2022.

**Bonuses are calculated on premiums paid/posted within calendar year 2021.**



## FAQs

### How will the size of my book of business be calculated to determine my qualification requirements for the New Business Bonus?

The total bonus-eligible premium in calendar year 2020 for cases active as of 12/31/20 will be used to determine the size of your book of business. The total bonus-eligible premium will be finalized so that any retroactive adjustments to paid premiums are accounted for.

### Are there any minimum book of business requirements to be eligible for the Persistency Bonus?

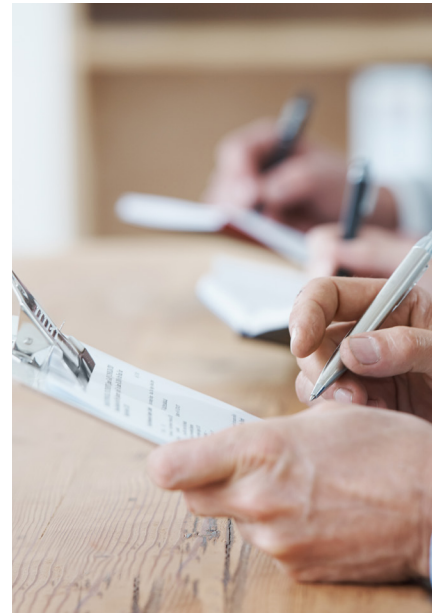
To be eligible for the Persistency Bonus you will need to have at least a \$500,000 book of business. The total bonus-eligible premium in calendar year 2020 for cases active as of 12/31/20 will be used to determine the size of your book of business. The total bonus-eligible premium will be finalized so that any retroactive adjustments to paid premiums are accounted for.

### How is First Year Premium calculated for determining New Business Bonus qualification?

First Year Premium is calculated by taking the premium and fees from the group's final first bill, upon which the coverage first appears, and annualizing it. For ASO fees, we are crediting the broker with the equivalent fully insured premium as it relates to new business bonus.

### When determining the new business Lines of Coverage (LOC) sold or First Year Annualized Premium, which lines of coverage qualify?

Coverage	Eligible line of coverage	Eligible NPF
Basic Life	Yes	Yes
Voluntary Life	Yes	Yes
Permanent Life	Yes	Yes
Group Universal Life	No	No
Basic AD&D	No	Yes
Voluntary AD&D- Stand-Alone/with Voluntary Life	Yes /No	Yes
Short Term Disability	Yes	Yes
State Mandated Disability	Yes - minimum 10 enrolled lives to qualify	Yes
Long Term Disability	Yes	Yes
Stand-Alone Paid Family Leave	Yes - minimum 10 enrolled lives to qualify	Yes
Dental	Yes	Yes
Vision	Yes	Yes
Vision Exam Plus	No	No
Vision Access	No	No
Accident*	Yes	Yes
Critical Illness*	Yes	Yes
Critical Illness Riders	No	Yes
Cancer*	Yes	Yes
Hospital Indemnity*	Yes	Yes



\*When calculating new business lines of coverage for a plan, Supplemental Health coverages with <25 insured lives are bundled and counted as one LOC. Any Supplemental Health coverage with 25+ insured lives will each count as one LOC.



# FAQs

## How will Agent of Record/Broker of Record (AOR/BOR) changes be handled?

Here is a summary of how the program will handle AOR's/BOR's for the old and the new agent/broker of record:

	Old Agent/Broker of Record	New Agent/Broker of Record
<b>2021 New Business Bonus</b>	<ul style="list-style-type: none"> <li>Maintains credit for Line of Coverage (LOC) and New Paid For (NPF) for purposes of qualifying for New Business Bonus</li> <li>However, they are not eligible to receive bonus on paid premium for the case</li> </ul>	<ul style="list-style-type: none"> <li>Does not receive any credit for Line of Coverage (LOC) and New Paid For (NPF) for purposes of qualifying for New Business Bonus</li> <li>However, they are eligible to receive bonus on the prorated paid premium from the case</li> </ul>
<b>2021 Persistency Bonus</b>	<ul style="list-style-type: none"> <li>Case does not impact their persistency</li> </ul>	<ul style="list-style-type: none"> <li>Takes full ownership for persistency of case</li> <li>They are eligible to receive bonus on the prorated paid premium from the case</li> </ul>
<b>2022 Book of Business Calculation</b>	<ul style="list-style-type: none"> <li>Case's 2021 paid premium is excluded when calculating their book of business for 2022 SPC</li> </ul>	<ul style="list-style-type: none"> <li>Case's 2021 paid premium is included when calculating their book of business for 2022 SPC</li> </ul>



**If you have any questions about our 2021 SPC program, you can contact your Guardian Group Sales Representative for more information.**



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 New York, NY  
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SPC bonus for ASO plans are based upon fees. All state mandated disability plans (New York DBL/PFL, New Jersey TDB, MA DBL, and Hawaii TDI) with less than 10 lives are excluded from SPC. Further, New Jersey TDB, MA DBL, and Hawaii TDI plans between 10 and 25 lives contribute towards SPC qualification and persistency, but the premium in this size segment is not eligible for SPC bonus. New York DBL/PFL plans with between 10 and 49 insured lives contribute towards SPC qualification and persistency, but only when the DBL benefit is enhanced will the DBL/PFL premium in this size segment be used when calculating any applicable SPC bonus. PFL only counts as a coverage when the plan does not include DBL coverage. Guardian's Group Universal Life (GUL) and Vision Access products do not qualify for SPC.

For group plans, where the retail producer (i.e. the agent of record) has the corresponding SPC credit accrue to their benefit, but utilize the services of a Group General Agent who is receiving a fee and/or override from Guardian, any applicable SPC bonus will be paid at 80% of the standard payout. SPC bonus payments are limited to \$200,000 on any one plan. The payment of SPC is fully priced for and does not affect the price of our products to a given client. Tax reporting will be issued for bonus compensation received. This brochure provides a general overview of Guardian's standard SPC program. It is not a complete statement of the rights, benefits, limitations or exclusions of the program. The standard program parameters described herein may be amended by supplemental programs. Final determination of qualification and payment rests solely with The Guardian. This SPC program is subject to regulatory approval. Guardian® is a registered trademark of The Guardian Life Insurance Company of America. © Copyright 2020, The Guardian Life Insurance Company of America.