



Membership Information for the 2020 MDRT Academy®

Based on 2019 production

MDRT Academy

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PLEASE NOTE

This document presents the membership requirements for the UNITED STATES and CANADA.

Please note the following changes to previous versions of this document. Please discard any copies of this document that do not have the mark of 9/1/2019 at the foot of each page.

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Apply for 2020 membership on the MDRT Academy mobile app or online at www.mdrtacademy.org.

MEMBERSHIP INFORMATION FOR THE 2020 MDRT ACADEMY

PRODUCTION REQUIREMENTS

1. Production Methods

Membership in the 2020 MDRT Academy from the United States will be based on the following production methods (see Page 4 for products):

Commission/Fee Method

A maximum of USD 96,999 of eligible commissions paid

Premium Method

A maximum of USD 193,999 of eligible premiums paid

2. Production Methods

Membership in the 2020 MDRT Academy from Canada (expressed in local currency) will be based on the following production methods (see Page 4 for products):

Commission/Fee Method

A maximum of CAD 121,199 of eligible commissions paid

Premium Method

A maximum of CAD 242,299 of eligible premiums paid

Note: Production reported to MDRT must be converted using the conversion factors below. (Local currency divided by the conversion/standardization factor = MDRT requirement in U.S. dollars). The conversion factor is not related in any way to the currency exchange rate.

MDRT Commission Conversion Factor: 1.2494

MDRT Premium Conversion Factor: 1.2494

PLEASE NOTE

- a) **Membership in the MDRT Academy is eligible to those who do not qualify for membership in the Million Dollar Round Table.** One cannot be a member of both organizations. If someone joins the MDRT Academy and subsequently finds they are eligible for MDRT membership in the same year, the MDRT Academy membership will be terminated, and a refund for the MDRT Academy dues will be issued upon payment of MDRT membership dues.
- b) **Applicants for the MDRT Academy should not combine production credit from the methods above.** Each production method is administered separately.
- c) **Elimination of the Unlimited (Risk-Protection) Credit Requirement for the United States:** MDRT has eliminated the requirement that a minimum of 50 percent of an applicant's qualifying production come from Unlimited Credit or Risk-Protection Products. Beginning with the 2019 membership year, applicants from the United States will be able to qualify using any MDRT eligible product in any combination or proportion. The change in the requirement applies to qualification using the Commission, Premium and Income methods and is designed to ensure compliance with the fiduciary rule established by the U.S. Department of Labor.

3. Eligible Products and Credit

RISK-PROTECTION PRODUCTS

Products from life insurance companies

	<i>Commission/Fee Credit</i>	<i>Premium Credit</i>
Accidental death and dismemberment (individual)	100% of first year commission	100% of first year premium
Critical illness (individual)	100% of first year commission	100% of first year premium
Disability income contracts (individual)	100% of first year commission	100% of first year premium
Life (individual)		
Up to annual premium/target premium	100% of first year commission	100% of first year premium
Deposits in excess of annual/target premium/top up	100% of commission paid	6% of excess premium
Single premium (whole life and investment)	100% of first year commission	6% of first year premium
Short-term endowment rider (max 15 yrs)	100% of first year commission	6% of first year premium
Long-term care (individual)	100% of first year commission	100% of first year premium
Accidental death and dismemberment (group)	100% of first year commission	10% of first year premium
Critical illness (group)	100% of first year commission	10% of first year premium
Disability income contracts (group)	100% of first year commission	10% of first year premium
Life (group)	100% of first year commission	10% of first year premium
Long-term care (group)	100% of first year commission	10% of first year premium
Annuities (individual and group)	100% of all commissions	6% of new money invested
Single premium and/or short-term endowment (max 15 yrs.)	100% of first year commission	6% of first year premium

OTHER PRODUCTS

Products

	<i>Commission/Fee Credit</i>	<i>Premium Credit</i>
Health care (individual)	100% of first year commission	100% of first year premium
Health care (group)	100% of first year commission	10% of first year premium
Mutual funds	100% of all commissions/fee	6% of new money invested
Securities	100% of commission/fee on new money invested	6% of new money invested
Wrap accounts/asset management accounts	100% of all commissions/fee	6% of new money invested
Financial Planning Fees/Fees for Advice	100% of the net fee	100% of the gross fee

ELIGIBILITY

1. Qualification Overview

Applicants for the MDRT Academy must use either the commission or premium methods to demonstrate qualification for membership.

2. Duration of Membership

MDRT Academy membership is granted for **one year only**. All members **must apply every year** to continue their affiliation with the MDRT Academy. Membership will initiate when the person's application is approved. Membership expires on December 31 of the year for which membership is

approved. Applicants must submit their application no later than April 1, 2020, to join for the 2020 membership year. The 2020 membership year will conclude on December 31, 2020.

Please note that individuals may only attain membership in the MDRT Academy for an aggregate of eight years. Once an individual's membership eligibility expires, they are no longer eligible to join.

REPORTING

1. **Verifying Production: Commission and Premium Verification**

MDRT Academy applicants must apply using either the commission or premium methods and supply a certifying letter(s) with third party verification. Certifying letters may be completed by a representative of the company/broker dealer/brokerage agency, a Certified Public Accountant (or equivalent), or a representative of the applicant's personal agency/corporation or office.

2. **Certifying Letters**

- a) A certifying letter **signed by an official** from the company an applicant is using for MDRT Academy qualification is required when applying under the commission or premium method. Otherwise, the application will be considered incomplete and membership may be denied. These companies may include life insurance companies, agencies, brokerage companies, broker/dealers, banks or mutual fund companies. Also acceptable would be a certifying letter completed by a representative of the company/broker dealer/brokerage agency, a Certified Public Accountant (or equivalent), or a representative of the applicant's personal agency/corporation or office.
- b) A Certified Public Accountant (CPA) or the equivalent may sign certifying letters for financial planning fees/fees for advice that are paid directly to the producer when applying under the commission or premium method.
- c) Brokerage companies are defined as third party wholesalers of insurance and investment products that are provided to agents on behalf of insurance and investment companies. Should an applicant be an official of a brokerage company, the product provider who pays the commissions must sign the certifying letter.

ADDITIONAL REQUIREMENTS

1. **Annual Membership Dues**

Required dues, completed application and other required forms must be submitted on or before April 1, 2020. Dues are waived for the 2020 MDRT Academy membership year.

CLARIFICATIONS

1. **Eligible Commissions, Fees**

Production credit (for commissions) will be based on eligible commissions received during 2019. Credit may include either earned or advanced (annualized) commissions or both. Advanced (annualized) or earned commissions must be paid to the applicant in 2019 to be eligible for MDRT credit. Please note:

- a) Commissions paid on a levelized basis may be reported using the present value of up to the first five years' commission discounted at 10 percent per year, not to exceed 55 percent of first-year premium.
- b) Annualized commissions may be reported for credit if paid, but any chargeback of annualized commissions in a subsequent production year will result in a reduction of that year's production credit.

- c) If commissions are paid as earned, a policy effective in 2018 may result in production credit for 2019. The policy must be in force on December 31, 2018 but is not required to be in force as of December 31, 2019.
- d) Commission credit for pensions is based on the product used to fund the pension (life insurance, annuities, mutual funds, etc.).
- e) Commissions that are part of a deferred compensation program may be claimed up front for MDRT credit, provided that they are not claimed again in later years.
- f) Life insurance policies that exceed the annual premium or target premium are eligible for credit. First year commission credit may be given in the Risk-Protection category for the commission paid on the amount up to the annual/target premium. If the annual/target premium is exceeded, (sometimes referred to as a "top up") commission credit may be given in the Risk-Protection category for the commission paid on the amount that exceeded the annual/target premium.
- g) Override commissions, training allowances, bonuses and other sales or expense allowances do not qualify under the commission/premium method.
- h) Fees paid for the placement of a product are eligible for credit toward the commission requirement, as are asset management fees for mutual funds and wrap/asset management accounts. The type of product placed determines the type of credit the product receives.
- i) Financial Planning Fees/Fees for Advice are eligible for Other Product credit for the net fee paid to the agent/advisor. Fees must be documented by certifying letter signed by a company official, a broker dealer official, or a Certified Public Accountant (or equivalent) for qualifying members.
- j) Group health insurance commissions are eligible in the first year of the policy only. Additions to the group policy in subsequent years are not eligible for credit.
- k) Single premium and/or short-term endowment commissions are only eligible in the first year of the policy. Short-term endowment riders (max 15 years) to life insurance policies are eligible for 100 percent of first-year commissions in the Risk-Protection category.
- l) Long-term endowment commissions are only eligible in the first year of the policy. Long-term endowment riders (16 or more years) to life insurance policies are eligible for 100 percent of first-year commission in the Risk-Protection category.

2. Eligible Premium

Production credit (for premium) will be based on eligible premium paid or new money invested during 2019. Please note:

- a) If commissions are paid as earned, premium credit should be given only for the amount of premium actually received during the production year.
- b) If commissions are annualized, the premium credit should also be annualized. Any chargeback of annualized commissions should also result in a reduction of that year's premium credit.
- c) A policy that becomes effective in 2018 may result in production credit for the amount of premium paid or new money invested during 2019.
- d) Life insurance policies that exceed the annual premium or target premium are eligible for credit. First year premium credit may be given in the Risk-Protection category up to the amount of the annual/target premium. If the annual/target premium is exceeded, (sometimes referred to as a "top up") premium credit may be given in the Risk-Protection category for 6 percent of the amount that exceeded the annual/target premium.
- e) Financial Planning Fees/Fees for Advice are eligible for Other Product credit for the gross fee paid to the company, broker dealer or individual agent/advisor. Fees must be documented by certifying letter signed by a company official, a broker dealer official, or a Certified Public Accountant (or equivalent) for qualifying members.
- f) Group health insurance premium is eligible for credit in the first year of the policy only. Additions to the group policy in subsequent years are not eligible for credit.
- g) Single premium and/or short-term endowment premium is only eligible in the first year of the policy. Short-term endowment riders (max 15 years) to life insurance policies are eligible for 6 percent of first year premium credit in the Risk-Protection category.
- h) Long-term endowment premium is only eligible in the first year of the policy. Long-term endowment riders (16 or more years) to life insurance policies are eligible for 100 percent of

first-year premium credit in the Risk-Protection category.

- i) Premium credit for pensions is based on the product used to fund the pension (life insurance, annuities, mutual funds, etc.).

3. **Replacements**

- a) Credit for individual life insurance policies may be claimed only for the amount of first-year commissions or premium on the new policy that exceeds the first-year commissions or premium for the policy being replaced. If the amount is not known, then the amount of commissions being replaced shall be calculated by multiplying the current commission times the appropriate premium for the policy being replaced. Premium credit can be determined by subtracting the replaced premium from the new premium.
- b) Conversion of a permanent product to a permanent product is to be treated as a replacement for MDRT purposes. This applies only to replacement of individual life insurance policies.

4. **Definitions and Interpretations**

a) **Business Paid for and Underwritten**

Business to be credited shall be paid for during the MDRT Academy qualification period (January 1 through December 31). Business shall be considered to have been paid for as of the date when the coverage first became fully effective with home office approval from the standpoint of payment of the claim (regardless of company practice or the distance between home and field office). However, no credit shall be allowed until the home office has finally accepted the premium and also until the first-year commissions have been paid or credited to the agent's account without any right reserved to the insurance company to recover same, except in case of recall under the contestable provisions of the contract. On joint, partnership, corporate and/or brokerage business, MDRT credit shall be given for only that portion of the business on which the applicant has been compensated, either by first-year commission or the equivalent.

b) **Health Insurance**

Includes policies that relate to the health of the body. Dental, vision, etc., are eligible for credit. See Page 4 for specifics.

c) **Policy and Case Definitions**

A policy shall be defined as an individual contract covering one or more lives as contrasted with a group policy, a pension, profit sharing trust or a salary savings plan. Under a qualified pension or profit sharing trust or a salary savings plan, each individual policy shall count as one (1) policy for the purpose of computing total eligible policies. For purposes of production, an employer-sponsored group life plan, franchise life plan and group annuity plan and mutual fund transaction with one (1) investor shall be considered one (1) case regardless of the number of lives or funds involved.

d) **In Force Requirement**

Credited business shall include only business which has not been terminated on or before the last day of the MDRT Academy qualification period (December 31) except for business terminated by death or term conversion.

e) **Securities**

Includes stocks, bonds or other equities. See Page 4 for specifics.

For additional information, contact:

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