



UNDERSTANDING THE EARNINGS PLAN - FAQs

THE CM ADVISOR OPPORTUNITY

1. What do I get for the AUD \$59 annual fee?

When you sign up as an Advisor, you'll receive:

- Your own personal link (URL). Once you are able to complete the Advisor signup, you will be able to choose your personal URL. This is what you'll share with customers so they can order products from you. All sales coming through your link will be credited to your Advisor account.
- Electronic sales tools, like promotional banners/product offers to post on social media, a blog or website, or to send to customers via email.
- Access to the Advisor back office, which includes marketing tools Advisors can print...like product flyers, promotional flyers, a 'flippable' electronic catalog, order forms and more.
- Support from the AU Home Office customer service team.
- A weekly newsletter and resources to share and promote best practices.

Profit Rate	12 month volume (aka Account Balance)	Commission Rate
10%	\$0 – 880	2%
25%	\$881 – 4,000	5%
30%	\$4,001 – 12,000	6%
35%	\$12,001 – 24,000	7%
40%	\$24,001+	8%

2. Is there a start-up Kit? How do we get initial product?

Other than the electronic Sales Tools mentioned, there is not a start-up Kit. If you'd like product to show customers, you can order whatever you'd like at your Retail Profit Rate, which helps grow your account balance faster than ordering at a discount (and is returned to you weekly via direct deposit).

3. Are there personal websites, and if so, is there a monthly fee?

The coming modern ecommerce website will double as your Advisor website when customers click through your link to order. Your personal link will be the way for your customers to order from you and is included in your Annual Fee.

4. When you say Advisors need to renew annually, is that from the date you sign up, or a calendar year?

Your Advisor term starts when you sign up and lasts for 12 months. So if you sign up November 10, you will renew by the following November 10.

5. How should Advisors refer to ourselves?

We call Advisors "CM Advisors." All CM Advisors are welcome to sell the full product line.

6. How does the Advisor Account Balance (annual sales) work?

Upon signup, every Advisor starts with a \$0 balance, which you can grow as quickly or as gradually as you like. Your first year is the year to build your balance.

Your Account Balance = your product orders at retail + your customers' product orders at retail. (An easy way to remember: your Account Balance will show what people paid for the product.)

In this structure, all compensation is based on your Account Balance, which will grow throughout your first year. After the first 12 months, it will become a rolling year, which means your account balance will reflect the current day plus 364 days of history.



You will earn:

- Profit at your Retail Profit Rate (see example below) on your own retail purchases and your customers’ retail purchases.

You may also earn an AUD \$160 account credit when:

- You have AUD \$3200 in personal sales (at retail) in a calendar month (your purchases at retail + your customers’ retail purchases).

Example:

At the beginning of the month, Sarah is at level 1, earning 10% with an Account Balance of \$850. A customer visits her URL and places a \$100 retail order. \$100 is added to Sarah’s Account Balance.

With her balance of \$850, Sarah was \$31 away from Level 2, so she will receive 10% profit on the first \$31 of the order and 25% profit on the remaining \$69 of the order. *If Sarah is signed up for direct deposit, her Retail Profits will be paid weekly into her bank account.*

Starting balance:
\$850
+100 order
\$950 balance

+ 100 order
\$1050 balance

+3300
\$4350 balance

<u>Level</u>	<u>Profit rate</u>	<u>Account balance</u>	<u>Commission rate</u>
1	10%	\$0-880	2%
2	25%	\$881-4,000	5%
3	30%	\$4,001-12,000	6%
4	35%	\$12,001-24,000	7%
5	40%	\$24,001	8%

Sarah is now earning 25% because she is at Level 2. The next day, Sarah places a \$100 order of her own, so the amount that goes into her Account is \$100.

Sarah’s Account Balance now sits at \$1050, in Level 2, so she is earning 25% profit. Between customers ordering through her link, a few parties and a crop, Sarah’s Account Balance grows by an additional \$3,300, for a total of \$4350.

(The system is smart – it knows when an order crosses a Level. On any single order that straddles a level, Advisors are paid both profit levels on the appropriate amounts.)

Sarah is now at level 3 earning 30%. And since Sarah added over \$3200 to her Account Balance in a calendar month, she will receive a \$160 account credit.

If you have Advisors who have signed under you, the commission rate you earn on your Group’s Account Balances is based on YOUR Account Balance. So the higher your personal Account Balance, the higher Commission Rate you earn on your Group.

- You will receive Commissions on the growth of your downline Advisors’ Account Balances weekly.
- You may also earn \$160 Account Credits when:



- The Advisors who have signed under you (your group) have \$3200 or more in collective sales in a calendar month. *(For Account Credits, it does not matter the level of your account balance.)*

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2	25%	\$881-4,000	5%
3	30%	\$4,001-12,000	6%
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5	40%	\$24,001	8%

Example:

Sarah is at level 3, earning a 6% Commission Rate on her Group due to her Account Balance of \$4350.

She has 20 Advisors in her Group. In December, they each have \$200 in sales (*her Advisors' purchases at retail + their customers' purchases at retail*), for a total of \$4000. Sarah will receive 6% of those sales = \$240. In early January, she will also receive an Account Credit of \$160 because her Group reached \$3200 in a calendar month.

Account Credits are earned for each \$3200 in sales, so if Sarah's group did \$6400 in month, she would receive two credits, \$9600 in a month, three credits and so on.

7. How do I increase my account balance?

The first thing we recommend is setting up your link/URL and sending it out to everyone you know, sharing it via email*, social media, putting it on your blog or website, etc. As customers order products from you and you place orders yourself, your Advisor Account Balance will start growing, and will grow throughout the year.

Your balance will continue to build as you work to share with customers and increase your business during your first 12 months. As you cross different sales levels, you will earn at an increasingly higher Profit Rate on sales to customers and a higher Profit Rate on your own purchases. If you have Advisors who sign under you, as you reach new levels you'll also earn higher Commission Rates on your Group.

8. How does the rolling year work?

As an Advisor, your first 12 months will be the period you build your Account Balance. So your work is cumulative.

When you've been an Advisor for more than 12 months, your Account Balance will reflect the current day plus 364 days of history. So as long as you continue the same level of activity consistently over time (your purchases and your customers' purchases), you should be able to maintain your level indefinitely.

Beginning with your renewal date, your account balance will begin going day-by-day. So if you had a few big orders in a month, you will want to plan for similar sized orders at the same time the following year to maintain the same Account Balance.



Example:

Debra, who started in November, does a consistent business all year, averaging about \$1,000 per month. Her peak month was November, with Holiday Open Houses and a large crop.

Debra’s Account Balance is \$15,500 at the end of her first year, which puts her at Level 4, earning 35% profit and 7% on Advisors under her.

Level	Profit rate	Account balance	Commission rate
1	10%	\$0-880	2%
2	25%	\$881-4,000	5%
3	30%	\$4,001-12,000	6%
4	35%	\$12,001-24,000	7%
5	40%	\$24,001	8%

Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct
\$4,500	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000

When it’s time for Debra to renew the following November, her account balance will begin looking back to the last 364 days. This means that as the calendar advances, the orders from the prior November will start to drop off.

For instance, let’s say Debra’s \$4,500 in orders were on three separate days

- \$1,000 Nov. 2
- \$2,000 Nov. 15 and
- \$1,500 Nov. 25.

- One year later, on Nov. 2 the prior year’s Nov. 2 \$1,000 order will fall off at the end of day
- On Nov. 15, the prior year’s Nov. 15 \$2,000 order will fall off at the end of day
- On Nov. 25 the prior year’s Nov. 25 \$1,500 order will fall off at the end of day

So you can see that Debra will want to repeat or exceed what she did the prior year in order to maintain her Account Balance at level 4.

9. If I have an account credit when it’s my renewal time, can I use it to pay my annual fee?

Account Credits can only be used to purchase product.

10. How often will I be paid, and how?

Advisors who have submitted direct deposit information are paid weekly. You receive:

- Retail Profit from that week’s personal purchases
- Retail Profit from that week’s customer orders
- Commissions on your group’s weekly activity





Profits/commissions run each Sunday morning, 12:01 am. People who are signed up for direct deposit get their deposits Wednesday - Friday. You can find your earnings for the week on the My Earnings page (indicated above by the red arrow).

Monthly: If you're due to receive Account Credits, they will appear in your Account at the beginning of the next month, for the prior month's activity.

11. Do I have to sign up for direct deposit?

Advisors are required to sign up for direct deposit in order to be paid Retail Profits and Commissions weekly. If we do not receive direct deposit information for an Advisor, Advisors will be paid annually via cheque, and there will be an administrative charge of \$5.00 per payment.

12. Are levels retroactive? For example, if I reach the 30% profit level, can I get "back pay" for the prior two levels?

The levels are not retroactive. You'll receive Retail Profit (and Commissions, if you have Advisors under you) based on your level at the time orders come in. For example, once your Account Balance reaches \$4001, your next order will be at the 30% Retail Profit Rate, whether that's in your first month as an Advisor, your 5th month or your 11th month.

If you have an order that crosses over a level threshold, the first portion of the order will be paid at your current level and the second portion at the next level.

13. Can you tell me more about Account Credits? Are they redeemable as cash?

You can earn AUD \$160 Account Credits two ways:

1. You have \$3200 in purchases/sales in your Account in a calendar month, or
2. Your Group adds \$3200 or more in purchases to their Accounts (collectively) in a calendar month.

Account Credits can be used to purchase product. You can use them to reward hosts or favourite customers, for your own personal product purchases, or you can turn them into cash by collecting cash/cheques for customer orders and using the Account Credit as payment. *(If you have questions about using your Account credits in a specific manner, please contact us.)*

Account Credits expire one year from the date of issue.

CUSTOMERS

14. When customers order through my link, are they paying full price (retail)?

Yes, customers will pay retail prices. If there is a CM Home Office-initiated customer promotion (buy-one get-one, bundles, gift with purchase, etc.), the amount that goes into your Account Balance will be what the customer paid for the product.

15. Will I be able to see the name of the customer who purchased from me?



Yes, you'll receive an email when customers order from you and also see their name in your Advisor back office on the My Earnings page (see **Advisor back office tour** for screen shots).

16. Will customers visiting creativememories.net.au (not coming through an Advisors' link), be forced to affiliate with an Advisor?

The website will not force affiliation. We offer an Advisor lookup on the site, so in the event a customer intends to shop with an Advisor, they will be able to find their Advisor by name. If they're looking for an Advisor near them, there's also a postal code search. (To ensure you appear on the locator, please see the Advisor Locator document in Advisor Basics.)

When you're working with your customers, be sure they have your link and encourage them to bookmark it so they click through and order with you each time. If they do not use your link or see your name on the site or in checkout, there is a prompt that pops up asking them to confirm that it was their intention to shop direct. If they intended to shop with an Advisor, they can search for their Advisor by name to get their order credited to their Advisor.

Advisors will only appear in the Checkout search if they are opted-in to the Advisor Locator.

GROUPS

17. Is my Commission Rate, on the Advisors who sign under me, based on *their* Account Balances, or on *my* Account Balance?

Your level of compensation, both Retail Profit Rate and Commission Rate, are always based on *your* Account Balance (*your purchases at retail + your customers' purchases at retail*). Your Commission Rate is not calculated on your Advisors' Account Balances. So the more you do and the higher *your* Account Balance, the more you earn on the Advisors who have signed under you.

18. Are there 'ranks' or titles?

Everyone is a CM Advisor, whether or not you have Advisors who have signed under you. There are not any other titles or ranks.

19. When Advisors sign up under me (join my Group), I understand I will earn Commissions at my Commission Rate on their sales. If they bring Advisors into *their* Group, will I earn on that second level?

This plan pays on one level, so you will not earn Commission on additional lines below your Group. However, because the Commission structure is based solely on each Advisor's Account Balance, Advisors in your group are motivated to increase their own Account Balances, which will in turn benefit you by adding to your Group Commissions.

20. If there aren't "leaders," what is the role of an upline Advisor?

It will be for each Advisor to determine how engaged they plan to be with their Group. If team dynamic, idea sharing and encouragement are important to you, you may want to talk with your potential upline Advisor and see what sort of support/team-building they plan to offer, to ensure the best fit before you sign under them.



21. If one of the Advisors under me (call her Beth) chooses not to renew, will the Advisors Beth has signed up move under me (i.e., bump-up)?

Bump-ups are not part of the plan. However, if one of the Advisors who signed under Beth would like you as an upline Advisor instead, she can request that change if Beth does not renew or resigns.

Because there are no minimums, volume or leadership requirements for Advisors to stay active, many common reasons for deactivations no longer apply. As long as an Advisor pays her Annual Fee to cover the cost of the electronic Sales tools she will remain in active status.

22. When it comes time to renew each year, will Advisors have to confirm that they wish to stay with their upline?

When Advisors renew each year, they will remain affiliated with their current upline, as long as that upline also renews. Downline Advisors may opt to change their upline at their renewal time, and may do so by contacting customer service: customerserviceau@creativememories.com

23. When new Advisors join, do they have to sign under an existing Advisor?

No. The Advisor opportunity is open to everyone, so people can sign up directly with CM if they wish. If someone wants to sign under a particular Advisor, they should come to the site through their desired upline Advisor's link, or search for their Advisor and connect to them during the checkout process.

SHIPPING

24. What are the rates for shipping and handling?

The rates to ship to Australia are shown below. All product orders ship from St. Cloud, Minnesota, U.S.A.

Australia	
<u>Retail Amount</u>	<u>Air</u>
0 - \$150.99	\$9.50
\$151 - \$550.99	\$19.50
\$551-\$999.00	\$29.50

25. Why does the shipping chart only go to \$999?

There is maximum order size of \$999 (excluding shipping charges) in order to ensure that the order falls below the Australian Customs low value threshold (LVT). The LVT policy states that for orders of \$1,000 or less to one shipping address in one day, Australian Customs does not require the collection of GST or the payment of customs duties, and does not require full import declaration. Therefore by limiting the orders to \$999 it minimizes the likelihood of orders being held up by Australian Customs.

26. What if I place more than one order in a day to my shipping address and together they total more than \$1,000 in retail value?

We would strongly recommend that you delay placing additional orders that would put your total order value for the day over \$1,000, and place them the next day. Disregarding this suggestion greatly increases the risk that your order is held up by Australian Customs and delayed in getting to you.



GOODS AND SERVICES TAX (GST)

27. Do my orders include GST in the product price?

No, product prices do not include GST. This is because our products are imported into Australia in a GST-free manner by using the Australian Customs low value threshold (LVT). The importer of record is the consignee (Advisor or customer).

28. Will I be responsible for collecting and remitting GST on sale of products to my customers?

Any purchases made by you or your customers on our website (including through your link) will be GST-free as they will be imported into Australia using the low value threshold (LVT).

For any sales made by you directly to your customers outside of our system, it will be your responsibility to comply with the Australian Tax rules on GST. The ATO requires you to collect and remit GST on sales you make *only if you are registered for GST*. And the ATO only requires you to be registered for GST if your annual turnover is great than \$75,000. It is your responsibility to determine if you meet the requirement to be registered for GST, and then to report and remit GST in accordance with the ATO's rules.

29. Do I owe GST on my weekly commission payouts?

Only if you are registered for GST. If you are required to be registered for GST *as a result of your Creative Memories business turnover* (i.e. your Account Balance exceeds \$75,000) then CM will pay you GST on your commissions, and you will be required to remit that GST to the ATO. CM will issue a "recipient created tax invoice" to Advisors on commissions where they are registered for GST.

SIGNING UP AS A CM ADVISOR

30. Can we have other businesses in addition to being a CM Advisor?

Yes. CM Group will not restrict Advisors from having other businesses or being part of others' affiliate programs. Our only requirements are that you renew each year and do not disparage CM Group, its products, or its Advisors.

31. If I had an upline in Creative Memories, should I sign under them again?

The choice is yours. You are welcome to sign up under the same person as before (just be sure they sign up first and you use their link or choose them during checkout) or you can sign under someone new. If you do not know an upline, you can also sign up directly with the Home Office. If at any time you change your mind and want to move from Home Office to an upline Advisor just notify customer service.

32. I did not have an upline at the end of Creative Memories, but like being part of a team. Can you help me connect with someone?

Once the full site is live, the Advisor locator can help you find someone near you. You're also welcome to contact the Home Office or ask for recommendations from other Advisors. People who love their upline are usually very happy to share who and why!