

9. Amount of Life Insurance Business in 1966

\$7,000,000.00 face amount (primarily term insurance)

10. Number of full-time men selling contractals (All 198)

11. Number of part-time men selling contractals (All 198)

12. Additional compensations to the firm from volume sales in contractals. This is explained in the prospecti of the several funds which were forwarded to you several weeks ago.

13. Amount of this compensation passed on to Representatives (see attached commission schedules)

14. Amount of reciprocal brokerage business—\$70,343.00

15. Amount of reciprocal earnings passed on to salesmen.

It is our policy not to pass any of this directly to salesmen. However, it results in our being able to pay more generous commissions to salesmen. Also, this reciprocal business makes up the major portion of profit to our firm and is the primary source of funds for our employees profit-sharing plan into which we put \$30,000.00 for the fiscal year of 1966. Also, such expenses as our annual convention, contest awards and the like come from this source. The rest goes to operating capital and dividends to stock holders.

If the present proposals were enacted into law the resulting drastic curtailment of income would result in the following possibilities as we see them at this time:

1. We would be out of business entirely

2. Our business would be drastically changed as follows:

(a) We would be forced to emphasize the insurance business and sell high cost, high commission insurance (which we do not now sell, because we think it is usually not in the best interest of the client).

(b) We would not solicit Mutual Funds sales and would sell them only as a strictly incidental part of the insurance business, or would accept only large sales which would result in an adequate commission for the time spent.

(c) Our profit-sharing plan would be thrown out, which would make our employees very unhappy because it would adversely affect their retirement plans.

We trust that this information will be helpful to the Committee and that their recommendations will be in the best interests of the public, the industry and dealers such as ourselves.

Sincerely,

EDWARD B. ALLEN, Jr.

SCHEDULES FOR BEGINNING SALESMEN

SCHEDULE A.—COMMISSION IN FUNDS WHERE VOLUME SALES APPLY

Monthly plan unit	Double 1st payment	Next 11 payments	Total commission
25.....			
30.....	\$11.26		
40.....	13.50	\$5.63	\$73.19
50.....	18.00	6.75	87.75
60.....	22.50	9.00	117.00
75.....	27.00	11.25	146.25
100.....	33.78	13.50	175.50
125.....	45.00	16.89	219.57
150.....	56.26	22.50	292.50
	67.50	28.13	365.69
		33.75	438.75

SCHEDULE B.—REGULAR SALESMAN'S COMMISSION IN FUNDS NOT ON VOLUME SALES

Monthly plan unit	Double first payment	Next 11 payments	Total 1st year
\$25.....			
30.....	\$10.10		
40.....	11.60	\$5.05	\$65.65
50.....	15.70	5.80	75.40
60.....	20.00	7.85	102.50
75.....	25.00	10.00	130.00
90.....	32.00	12.50	162.50
100.....	38.00	16.00	208.00
120.....	42.00	19.00	247.00
150.....	62.00	21.00	273.00
		31.00	403.00