DOWNLOADABLE TEMPLATE

SaaS Commission Plan Template

How to Use This Template

This template is a starting point for designing or refreshing a software-as-a-service (SaaS) sales commission plan, not a plan to adopt as-is.

The two example plans come pre-filled with realistic numbers you overwrite with your own base salaries, quotas, splits, and rates.

The four decision points after them lay out the SaaS-specific choices (renewals, clawbacks, multi-year deals, and ramp) so you can keep the policy that fits your business and delete the rest.

1. Plan Snapshot (Key Terms)

> Fill in the target numbers for the plan you are building. Everything else in this document, including the two worked examples, traces back to the figures you set here.

- **Role:** [Role / Title]
- **Plan Period:** [Start Date] through [End Date]
- **Base Salary:** $_____ per year
- **On-Target Earnings (OTE):** $_____ per year (base salary plus variable pay at 100% of quota)
- **Base / Variable Split:** _____ % base / _____ % variable
- **Sales Quota:** $_____ per [Month / Quarter / Year]
- **Primary Commission Rate:** _____ % of [bookings / qualifying revenue]

2. Example Plan: Account Executive (AE)

> A mid-market Account Executive (AE) plan, filled in end to end so you can see how the pieces connect. Overwrite every number with your own, then keep the tiered structure if it fits your deal sizes and retention.

- **Role:** Mid-Market Account Executive
- **On-Target Earnings:** $150,000 per year
- **Base Salary:** $90,000 per year
- **Variable Pay:** $60,000 per year (a 60/40 base-to-variable split)
- **Annual Bookings Quota:** $750,000
- **Commission Rate:** 8% on bookings up to quota, 10% on bookings from 100% to 125% of quota, and 12% on bookings above 125%

Because 8% of the $750,000 quota equals the full $60,000 variable, a rep who lands exactly at quota earns their full $150,000 OTE. The accelerated 10% and 12% rates apply only to the bookings inside each band, so overperformance is rewarded without repricing the whole number.

Quota Attainment	Bookings	Commission Earned	Total Pay (Base + Commission)
50%	$375,000	$30,000	$120,000
75%	$562,500	$45,000	$135,000
100%	$750,000	$60,000	$150,000
125%	$937,500	$78,750	$168,750
150%	$1,125,000	$101,250	$191,250

> **Adapt it:** change the OTE, split, quota, and tier rates to match your own plan.

If your reps close larger deals, a lower base rate with steeper accelerators may fit better.

Real-world attainment often lands well below 100%, so budget against the 50% and 75% rows as well, rather than the 100% line alone.

3. Example Plan: Sales Development Representative (SDR) / Business Development Representative (BDR)

> A Sales Development Representative (SDR) or Business Development Representative (BDR) plan built on activity rather than closed revenue. Swap in your own per-meeting rate, quota, and bonus, then keep the two-part variable structure if it maps to how your team is measured.

- **Role:** Sales Development Representative / Business Development Representative
- **On-Target Earnings:** $80,000 per year
- **Base Salary:** $56,000 per year
- **Variable Pay:** $24,000 per year (a 70/30 base-to-variable split)
- **Meeting Commission:** $150 per qualified meeting booked
- **Quarterly Quota:** 30 qualified meetings
- **Pipeline Bonus:** $1,500 at quarter-end for hitting the pipeline-sourced Annual Contract Value (ACV) target

At quota, the meeting commission and the pipeline bonus together come to $6,000 a quarter, or $24,000 a year, which puts the rep on their $80,000 OTE. The bonus is all-or-nothing, which is why the quarterly variable jumps at the 30-meeting mark. Below quota, the rep earns on booked meetings alone.

Qualified Meetings (per Quarter)	Meeting Commission	Pipeline Bonus	Quarterly Variable
20 (67% of Quota)	$3,000	$0	$3,000
25 (83%)	$3,750	$0	$3,750
30 (100%)	$4,500	$1,500	$6,000
35 (117%)	$5,250	$1,500	$6,750
40 (133%)	$6,000	$1,500	$7,500

> **Adapt it:** set the per-meeting rate and quota against your own definition of a qualified meeting, and decide whether the pipeline bonus stays all-or-nothing or scales with attainment.

If your reps are measured on qualified opportunities rather than meetings, relabel the unit and keep the structure.

4. Decision Point: Renewal Commission

> Decide who earns commission when a customer renews. Pick the split that matches who owns the account after the original sale, then delete the options you do not use.

Option A - 50/50 Split	Split the renewal commission evenly between the Account Executive who closed the original deal and the Customer Success Manager (CSM) who retained the account.

Option B - Full Credit to the CSM	After year one, the Customer Success Manager earns the full renewal commission, on the logic that keeping the account is now their responsibility.

Option C - Declining Curve	The Account Executive's share of the renewal shrinks each year as the relationship matures (for example, 50% in year two, 25% in year three, and 0% thereafter), with the remainder going to the Customer Success Manager.

Weight the credit toward whoever most influences the re-sign. If your product is sticky and the CSM manages the customer after the sale, favor Option A or Option B.

If your AEs stay close to the account and still shape whether it renews, keep them in the split longer with Option A or Option C.

5. Decision Point: Clawbacks

> Set the terms for recovering commission the company already paid when a customer churns early. The three settings below (the trigger window, the recovery method, and the cap) define how a clawback works and keep one bad deal from erasing a paycheck.

- **Trigger Window:** If a customer cancels, refunds, or stops paying within _____ of the contract start date (most plans use a six-to-12-month window; some use a shorter period such as 90 days), the commission already paid on that deal is treated as unearned.

Recovery Method (choose one):

Option A - Deduct From Future Commission	The company recovers the unearned amount from the rep's future commission statements until the balance is cleared. This is the more common route and the easier one on trust.

Option B - Direct Repayment	The rep repays the unearned amount to the company directly.

- **Cap:** Clawbacks are capped at _____ (e.g., half of a rep's quarterly earnings).

6. Decision Point: Multi-Year Deals (ACV vs. Total Contract Value)

> Decide whether a multi-year deal pays the rep on a single year of value or on the full contract term (the Total Contract Value, or TCV). This choice has an accounting side and a cash-flow side.

Option A - Pay on ACV	The rep earns commission on the deal's ACV (the first year's value), plus a separate multi-year bonus of $_____ (or _____ % of the value of the additional years) that rewards the longer commitment without paying years of commission upfront. Most SaaS companies use this approach.

Option B - Pay on TCV	The rep earns commission on the full multi-year sum. This rewards long contracts but sends a large commission out the door early, before most of the revenue is collected, and carries more clawback risk if the customer leaves.

Under Accounting Standards Codification (ASC) 606, the revenue recognition standard, a commission cost tied to a multi-year contract is generally capitalized and amortized across the life of the contract rather than expensed all at once, so paying on the full TCV upfront is more than a cash-flow question. Confirm the treatment with your finance team before you commit to either option.

7. Decision Point: Ramp

> Set how quota and commission work while a new hire builds a pipeline. Without ramp terms, a new rep is measured against full quota from day one and almost always falls short through no fault of their own.

- **Ramp Duration:** _____ months (typically three to six, depending on sales cycle length).

Quota During Ramp (choose one):

Option A - Stepped	Month One: _____ % of full quota. Month Two: _____ % of full quota. Month Three onward: full quota. (Adjust the number of steps to your ramp length.)

Option B - Flat Percentage	_____ % of full quota for the entire ramp period, then full quota afterward.

- **Guaranteed Minimum Commission (optional):** Guarantee at least $_____ per [month / pay period] during ramp to steady a new hire's income while they build. Delete this line if you do not offer a guarantee.
- **Commission Rate During Ramp:** [Same as the full plan / Adjusted to _____ %]. Most plans keep the full rate during ramp and adjust only the quota.