# AFFIRMOLOGY

## Understanding Our Agreement

*The decisions, the why, and what we still get to choose · For Sol, from Jeff · July 2026*

Sol, this goes with the operating agreement. The agreement is the legal version; this is me explaining it in plain language: what we decided, why, what we left open, and the few things I want us to talk through. Read it, take it to your Claude, push on anything. Almost every choice in here is built to protect YOU, and to protect us as a team even if life changes.

## How we actually get paid (read this first)

**Our main income is our salary, not our ownership, at least for now.** We are both officers, and the company pays us for the work we do: a combined pool of $8,000 to $10,000 a month once we can afford it, with a floor of $3,000 for you, rising with revenue.

**Ownership pays later, and it can pay big.** Your 25% is not this year's paycheck. It is how you get wealthy over time: quarterly distributions once we are profitable and have a reserve, and a large payout if we ever sell.

**Important, so it is never a surprise.** While you are still vesting, distributions pay on what you own at that moment. If we start distributing in year two and you are vested to 20%, you get 20% of the distribution, not 25%. It rises to the full 25% as you finish vesting.

**Three separate things, on purpose.** Salary is for the work, ownership is what you own, distributions are your share of profit. One does not trigger another. Even in a season where you do less and your salary flexes down, your ownership does not move.

## Your equity, and how it vests

**10% the day you sign, no strings.** Never clawed back, never at risk, even if life changes.

**To 25% over three years, vesting month by month.** Not in big yearly chunks. If you ever stepped back partway through a year, you keep the proportional part you earned (leaving at 18 months keeps you at 17.5%). You keep vesting simply by staying in the role. No performance test.

## Your bonus structure, proposed

Because your ownership is fixed and not tied to performance, we motivate audience growth with cash instead. Pure upside, nothing taken from you if a milestone is never hit. Real organic followers only, on the combined company accounts. I tied each one to the app also having enough paying members to comfortably afford it, so a viral moment can never create a bill the company cannot pay.

| Organic followers | Paying members in the app | Cash bonus to you |
|---|---|---|
| **10,000** | 500 | $5,000 |
| **25,000** | 1,000 | $10,000 |
| **50,000** | 2,000 | $20,000 |
| **100,000** | 5,000 | $50,000 |
| **250,000** | 10,000 | $100,000 |

At each of those member counts, the bonus is only about 40% of a single month's app revenue, and we can pay it over a few months, so it never squeezes our salaries or the tech budget. These numbers are a proposal. I want them to feel exciting and reachable to you, not handed down. Tell me if they are right.

## The three kinds of equity (so you understand what we can give people)

When we bring on a CEO, an engineer, or an advisor, there are three different ways to give them a stake, and they are not the same:

**Membership units.** Real ownership, like ours. The person becomes a co-owner with a share of everything.

**A profits interest.** An LLC tool that gives someone a share of the FUTURE growth only, nothing of what the company is worth today. They become an owner, but only for the upside from here forward. This is the normal, tax-friendly way to give a CEO or a key hire real equity.

**Phantom equity.** Not ownership at all, just a contract to pay someone cash equal to a slice of profit or of a sale. They never become an owner and never get a vote. Useful when we want to reward someone without adding them to the cap table.

**Why this matters to you.** Whichever we use, anything above 1% to a single person needs BOTH of us to agree. No one can be handed a meaningful stake without your yes. Small advisor grants under 1% I can do on my own, from my own share, so the company can move quickly, but the big ones are ours together. And CEO or employee equity comes out of MY share first, not yours.

## The one piece of paperwork with a real deadline

When you get your unvested shares, there is a tax choice with a hard 30-day clock from the day you sign, and it can save or cost you money.

**In plain terms.** Your 15% that vests over three years can be set up one of two ways. One way (an "83(b) election") means you choose to be taxed now, while the company is worth almost nothing, so there is little or no tax, instead of being taxed later as each piece vests and the company is worth more. The other way (a "profits interest") usually has no tax at grant at all and is often cleaner for an LLC like ours.

**What we do.** We get an accountant on the phone, they tell us which fits, and we do it before or right when we sign. This is the one thing I do not want us to sign without understanding, because if we miss the 30 days on the first option, it cannot be fixed.

## The rest of the big decisions, and why

**Motivation is cash, not shrinking your equity.** The bonus above, plus company money to grow your platform. Upside for you without your ownership ever at risk.

**Manager-managed, me as manager.** So the company cannot be accidentally bound by either of us signing something. Not control over you; your protection is the Major Decisions list I cannot act on alone.

**Your social accounts are yours to run, owned by the company.** You decide what goes on them; the company owns them and the logins live in a shared vault so we cannot get locked out.

**A romantic split changes nothing.** Equity, role, title, board seat, pay all continue, and we both promise to speak well of each other. Written now, while we are good.

## What this agreement is deliberately NOT doing

**Not locking every future detail.** It sets ownership and guardrails, not a ten-year script.

**Not making you an employee.** The hours number is an expectation, not a stopwatch.

**Not protecting either of us from dilution.** Investors shrink both our percentages together; you get pro-rata rights and a veto on letting investors in.

**Not carving out a big employee pool.** Equity for a CEO or engineer comes from my share.

## The questions I want us to talk through

**The tax choice, with an accountant.** The 30-day one above.

**When your vesting clock starts.** Signing, or backdated to June 26. Backdating helps you.

**The bonus numbers and the member floors.** Do they feel right?

**Dilution.** Your slice gets a little smaller, the whole thing gets much bigger, and that is how we both get wealthy.

**Sacred Synergy.** My events business with Colin. It pays the company, and any deal between them needs YOUR approval. I want your genuine yes.

## What could change later (so nothing surprises you)

- Investors come in; both our percentages move down together.
- A CEO and technical hires get equity, from my share.
- Pricing, budgets, and the team evolve as we learn.
- We may bring in professional operators someday, EOS-style, so we can both step back toward the parts we love.

## The bare minimum to agree on to sign and open the bank

- Your equity: 10% now, to 25% over three years, on time, vesting monthly. Yes?
- We are paid mainly by salary now; ownership pays us later through distributions. Yes?
- Manager-managed, me as manager, with the Major Decisions we both control. Yes?

- Shared dilution with pro-rata rights for you. Yes?
- The romantic-split protections, exactly as written. Yes?
- Okay signing now and refining the open details (bonus numbers, vesting start date, the tax choice, budgets) together over the next few weeks. Yes?

*Plain-English companion. The signed operating agreement legally controls. Not legal or tax advice; neither of us should sign until we both feel good and have had the tax question answered.*