



TOTAL LIFE CHANGES®

Presents

U.L.E.A.R.N

Leadership, Earning, Attraction, Retention, & Networking

Income & Lifestyle Claims



TILC

INCOME & LIFESTYLE CLAIMS

WHAT IS PERMITTED? WHAT IS PROHIBITED?

DIRECT SELLING

KEY REGULATORY BODIES/WATCHDOG GROUPS

- Federal Trade Commission (FTC)
- Food and Drug Administration (FDA)
- Direct Selling Self-Regulatory Council (DSSRC)
- State Attorneys General (AG)
- Local Better Business Bureau (BBB)
- TruthInAdvertising.org (TinA)

FTC KEY GUIDANCE ON INCOME CLAIMS

- Any income and/or lifestyle claims require substantiation.
- All deceptive income or lifestyle claims are prohibited.
- A claim is “deceptive” if information that would affect a reasonable consumer’s judgment is misrepresented or omitted.
- There is a presumption that all claims regarding earning potential affects judgment, even where there is no claim that a person will make money.
- The “net impression” of the ad or testimonial, whether expressed or implied, is key. The net impression may be conveyed through words and/or through phrases and/or images.
- Although a claim may be literally true, it can still provide a “net impression” that is misleading or deceptive.

TLC POLICIES & PROCEDURES §7.3

7.3 Income Claims

LCs may not make income claims, representations or imply that anyone will achieve any specific level of income or success aside from any such claims TLC has pre-approved. Further, LCs may not display commission checks, commission statements or other financial records to promote TLC. LCs may truthfully, accurately and fairly explain the TLC Compensation Plan and show the possible ways an LC can earn commissions or bonuses under the plan. However, guarantees, warranties or assurances that individuals will attain any specific amount or level of income are not permitted. Individual results will vary and no previous results should be stated or implied as typical. Hypothetical examples may not be unreasonable or exaggerated. Any claims related to earnings or income must comply with TLC's Advertising Policy.

TLC'S ADVERTISING POLICY - INCOME

- Describe the capacity to earn part-time or supplemental income as an LC, rather than full-time income.
- Talk about the benefits of earning supplemental income on a flexible schedule without suggesting that the business opportunity can replace current full-time employment .
- Include our general earnings disclaimer (GED) when making an earnings or lifestyle claim on every platform where consumers can easily read and see it:

Earnings depicted are atypical and unique to each individual. Earning requires time and hard work and is not guaranteed. For more information about typical earnings, see our income disclosure statement (IDS).

- If you're a top earner making an earnings claim, include our top earners disclaimer when you make an earnings claim on every platform where consumers can easily read and see it:

Earnings depicted are atypical and represent the top 1% of TLC earnings. Earnings are unique to each individual, require time and hard work, and are not guaranteed. For more information about typical earnings, see our income disclosure statement (IDS).

TLC'S ADVERTISING POLICY – INCOME (CONT.)

- Be truthful and honest about your earnings.
- Consider the net impression or takeaway message of the claim. Think about the whole context of the claim, including words, hashtags, and pictures. If a reasonable consumer would take away a misleading message (for example, that becoming an LC is an alternative to full-time employment), then revise the claim.
- We recommend using both the GED and the IDS on any income or lifestyle claim.
- Consult the Direct Selling Self-Regulatory Council's Guidance on Earnings Claims.

DSSRC GUIDANCE

- According to the DSSRC, any claim, whether express or implied, is an “earnings claim” if it conveys:
 - A level or range of actual or potential earnings, including representations that suggest the ability to make lifestyle purchases – such as homes, vehicles, vacations, etc. – that may be earned by an LC
 - A level or range of gross or net income or profits, including representations that suggest the ability to make lifestyle purchases related to income earned by an LC
 - A hypothetical scenario that a prospective LC may interpret to mean that he/she will earn a certain level or range of income
 - A hypothetical scenario that describes possible earnings from potential or actual sales, using charts, graphs or mathematical calculations, or gross or net profits based on a combination of variables
 - Marketing materials, advertising, social media posts, or testimonials describing or promising that a prospect could make lifestyle purchases, such as homes, vehicles, vacations, etc., by participating in TLC
 - Description of earning company-sponsored incentives, including lifestyle purchases, vacations, trips, experiences, or other rewards
 - An endorsement or testimony that consumers are likely to believe reflects an LC’s own personal opinions, beliefs, findings, or experiences and that ultimately promotes the business opportunity

DSSRC GUIDANCE (CONT.)

- Do not use any words or images communicating that a direct-selling business opportunity will result in earnings beyond what can be generally expected by the typical LC in the depicted circumstances (e.g., “modest” or “supplemental” income).
- Do not say that you can “quit your job,” “fire your boss,” “be set for life,” “make more money than you ever have imagined or thought possible,” make “unlimited income,” “full-time income,” “replacement income,” “career-level income,” or make any substantially similar statements or representations.
- Do not use “passive income” and “residual income” to convey that income can be continuously earned by LCs with little or no ongoing effort.
- Do not use “financial freedom,” and “time freedom” as they carry a particularly high risk of being misleading to consumers when communicated in a general context. (See also TLC’s Red Word List.)
- Again, the “net impression” of the communication is analyzed, which takes into account context and target audience.

PROHIBITED HIGH-RISK WORDS OR PHRASES: "RED WORD LIST"

get rich	financial opportunity	Maserati	full-time income
wealthy	extra cash	Porsche	substitute income
residual income	major cash	Lexus	stream of income
passive income	lifestyle	yacht	debt free
recurring income	new car	helicopter	I'm hiring
stay at home	new house	mansion	quit your job
salary	new apartment	luxury	make million
fast cash	guaranteed income	top income earner	millionaire
sell itself	unlimited income	who wants to earn	earn up to
afford anything	lifestyle of your dreams	be set for life	seven-figure income
afford everything	recession-proof	million-dollar club	mortgage
retire early	millions	thousands of dollars	create wealth
pay bills	easy income	six-figure income	generational wealth
financial freedom	time freedom	be your own boss	seven figure
fast money	financially free	fire your boss	Plan B
easy money	career-level income	the sky is the limit	work from home
secondary income	retire, millionaire	no ceiling on income	earn an extra
extra income	quick replace income	dream car	unlimited
additional income	lifestyle changing income	dream house	pay debt
significant income	substantial income	beach house	retire
virtual income	guaranteed success	BMW	all expenses paid
weekly bonus	free car	Mercedes Benz	get paid what you're worth
leverage income	free vacation	guaranteed unlimited income	make more money than you've ever imagined
earn back	free trip	income that you deserve	make more money than you thought possible
earn money	Rolls Royce	thousands per month	

DISCLAIMERS/DISCLOSURES

- “Disclaimer” and “disclosure” are used interchangeably by the regulatory bodies and in this presentation.
- A disclosure is used to clarify, limit, or otherwise qualify a claim, add explanation, or designate a source of substantiation.
- A disclosure must not contradict the main claim.
 - Example: If a retailer advertises that “everything is on sale,” a disclosure that lists certain items that are not on sale contradicts the claim that “everything” is on sale. The claim should be modified to say, “almost everything is on sale.”
- A disclosure of highly material information must be unavoidable, meaning it cannot be made through hyperlinks, pop-ups, hovers, or similar means.

WHEN IS A DISCLOSURE NECESSARY?

- Any time you make a claim that *is not* a reasonable representation about what a typical LC will earn, a disclosure must be made.
- An effective disclosure, regardless of format, must be “clear and conspicuous” such that it is displayed in a manner that is readily noticeable, readable and/or audible, and understandable to the prospective LC.
- The burden is on the LC making the claim to include a disclosure to substantiate the claim.

Bottom line, we recommend using TLC’s GED and IDS every time earnings are referenced or implied, whether it is a “reasonable representation” or not.

INCOME DISCLOSURE STATEMENTS (IDS)

- Although not legally required, an IDS is now the norm and highly recommended by the FTC.
- In relation to the post, income disclosure statements must follow the four “P”s:
 - ✓ **Presentation** - The disclosure should be worded in a way so that consumers will easily understand it. Legal jargon or technical terminology reduces the likelihood that consumers will understand the intended message.
 - ✓ **Prominence** - The disclosure must be big enough for consumers to read easily. Consideration will be given to color and font contrast as well.
 - ✓ **Placement** - The disclosure should be where consumers are likely to look. Consumers are unlikely to read disclosures buried in a dense block of text.
 - ✓ **Proximity**- The disclosure should be close to the claim it modifies. A disclosure that is not near the triggering claim may be missed by consumers.
- Their practical purpose is to allow for an easy reference point that will help LCs avoid income claims by making accurate disclosures.
- Be aware that an IDS and/or a disclosure of typical earnings does not mean that a LC can make whatever representation that he/she wants.

TLC'S IDS

INCOME DISCLOSURE STATEMENT

WHAT IS TOTAL LIFE CHANGES?

Total Life Changes, LLC (TLC) is a direct sales company dedicated to providing quality products and services that you can promote through your home-based business. We pride ourselves on our integrity in dealing with our distributors (who we call Life Changers) and our Customers. Our compensation plan is based on sales of our products to end-users. TLC was founded on seven "Core Values" which guide how we operate and live every day.



We are always hungry for more.



Passion is our fuel.



Having fun we get more work done.



We love each other. Period.



Grateful is our mindset.



Our standard is giving more than what's expected.



We don't just do what's easy. We do what's right.

HOW CAN I BE PART OF TLC?

The foundation of our company is our customers, who use and enjoy our products. If you want to enhance your relationship with TLC, you can participate in TLC as a Life Changer (LC). LCs sell our products and are eligible to earn commissions and other compensation.

Preferred Customers	Life Changers
<p>As a Preferred Customer, you can enjoy TLC products and a unique shopping experience via our customer mobile application and participate in TLC promotions.</p> <p>With the optional SmartShip Program, you can enjoy the convenience of recurring purchases and be eligible for additional benefits, such as discounted pricing. SmartShip can be discontinued at any time.</p>	<p>Life Changers enjoy the same benefits as Preferred Customers and may participate in the TLC Compensation Plan and other business promotions.</p> <ul style="list-style-type: none"> Participation in the TLC earnings opportunity does not require a significant investment (a one-time purchase of a \$59.95 Business Starter Kit). LCs set their own hours and workplace, and can leverage the TLC mobile app to build a virtual business. \$0 Annual Renewal Fee

TYPICAL EARNINGS*

Earnings realized through participation in the TLC business opportunity are based on the sale of TLC products to end users. There is no income earned for simply sponsoring or recruiting others as LCs. Of the 30,119 LCs who were active during any portion of calendar year 2023 (as defined in the TLC Compensation Plan), 6,995 (23.2%) earned compensation and 23,124 (76.8%) did not earn any compensation.

Of the LCs who earned compensation, the average annual earnings of those LCs, before expenses, was \$966.44. Fifty-percent (50%) of the LCs who earned compensation made more than \$84.00, while the other half made less.

Below are the annual earnings of LCs who earned compensation during calendar year 2023, broken down by the top 1%, top 10% and top 50%:

- The top 1% (70 LCs) earned a median income of \$20,324.04.
- The top 10% (700 LCs) earned a median income of \$1,680.00.
- The top 50% (3,498 LCs) earned a median income of \$263.75.

2023 Annual Earnings	# of LCs	% of LCs
\$1 to \$250	5,175	73.98%
\$251 to \$500	771	11.02%
\$501 to \$1,000	494	7.06%
\$1,001 to \$2,000	265	3.79%
\$2,001 to \$5,000	177	2.53%
\$5,001 to \$20,000	77	1.10%
\$20,001 to \$50,000	18	0.26%
\$50,001 and above	18	0.26%

Earning representations reflect gross amounts of earnings and do not include any business expenses associated with participating in the TLC earnings opportunity. LCs are independent contractors and are responsible for their own business expenses, which may include advertising or promotional expenses, training, rent, travel, telephone and/or internet costs, etc.

The ability to earn money with TLC depends on many factors including an individual's business, social, and sales skills; personal ambition and activity; availability of time and financial resources; and access to a large network of family, friends, and business contacts.

TLC cannot and does not guarantee any particular level of earnings. Even those who dedicate a significant amount of time, effort, and personal funds may not achieve a meaningful level of success. TLC does not offer quick riches or guarantees of success.

Building any long-term business is challenging and very few achieve significant financial success. Those considering becoming TLC LCs should carefully consider their unique circumstances rather than relying upon testimonials of others or hypothetical examples. Past LC performance is no guarantee of future income.

* All data included in this Income Disclosure is from United States Life Changers during calendar year 2023.

TLC'S IDS (CONT.)

- **Preferred TLC Income Disclosure Statement**

“Of the LCs who earned compensation, the average annual earnings of those LCs, before expenses, was \$944.00. Fifty percent (50%) of the LCs who earned compensation made more than \$84.00, while the other half made less.”

TLC'S IDS (CONT.)

- How it should be used:
 - Use on social media posts and YouTube videos, along with a statement that potential new LCs should refer to the IDS in making a decision to join TLC.
 - Make it available at in-person and online meetings and gatherings.
 - Use a clear and conspicuous link to the IDS on any LCs personal website.
 - You should also incorporate the facts disclosed in the IDS whenever possible into your presentation to help ensure it is not misleading.

HOW TO USE THE IDS – “DON’T” EXAMPLE

- In this example, the distributor had atypical earnings relative to a typical distributor but did not include the IDS. This post requires the proper disclosure.



HOW TO USE THE IDS – “DO” EXAMPLE

- This distributor had atypical earnings relative to a typical distributor and qualified the post with the proper disclosure.




"I'm so happy I joined WeSell! Can you believe I made \$975 last year?"*

Ginger Ly
WeSell Consultant

***In 2021, the annual income earned by a typical WeSell distributor was \$239.**
[Income Disclosure Statement](#)

SOME EARNINGS CLAIMS ARE PROHIBITED, EVEN WITH A DISCLOSURE

- This post demonstrates extraordinary earnings claims.
- It Implies “full-time” income, as well as unlimited earning potential.
- Claims of “career level” or “life changing” income or being “set for life” draw particular scrutiny and must not be used.



"The earning potential is truly limitless. I made over \$100,000 last year."*

Sarah Bell
WeSell Consultant

*In 2021, the annual income earned by a typical WeSell distributor was \$239.

[Income Disclosure Statement](#)

SOCIAL MEDIA “DON’T” – NO CONTEXT

- Social media pictures and posts showing cars, houses, and luxury vacations, without context can be misleading and are therefore actionable.



WeSell - Carole Singer
Yesterday at 2:15pm · 🌐

Join my team to learn how to live like Sandy Beech too !

My DMs are always open 📧

👍❤️😄 32 18 Comments 4 Shares

👍 Like 💬 Comment ➦ Share

View more 18 Comments

Write a comment... 🗨️ 📷 📧 🗑️

A screenshot of a Facebook post. The post is from 'WeSell - Carole Singer' and is dated 'Yesterday at 2:15pm'. The text of the post says 'Join my team to learn how to live like Sandy Beech too !' and 'My DMs are always open'. Below the text are icons for Like, Comment, and Share, and a 'View more 18 Comments' link. At the bottom is a comment input field with icons for emojis, photos, videos, and attachments.

WeSell - Chris P. Bacon is with Joshua Tree at The To... sweepstakes

Yesterday at 12:35 PM · 🌐

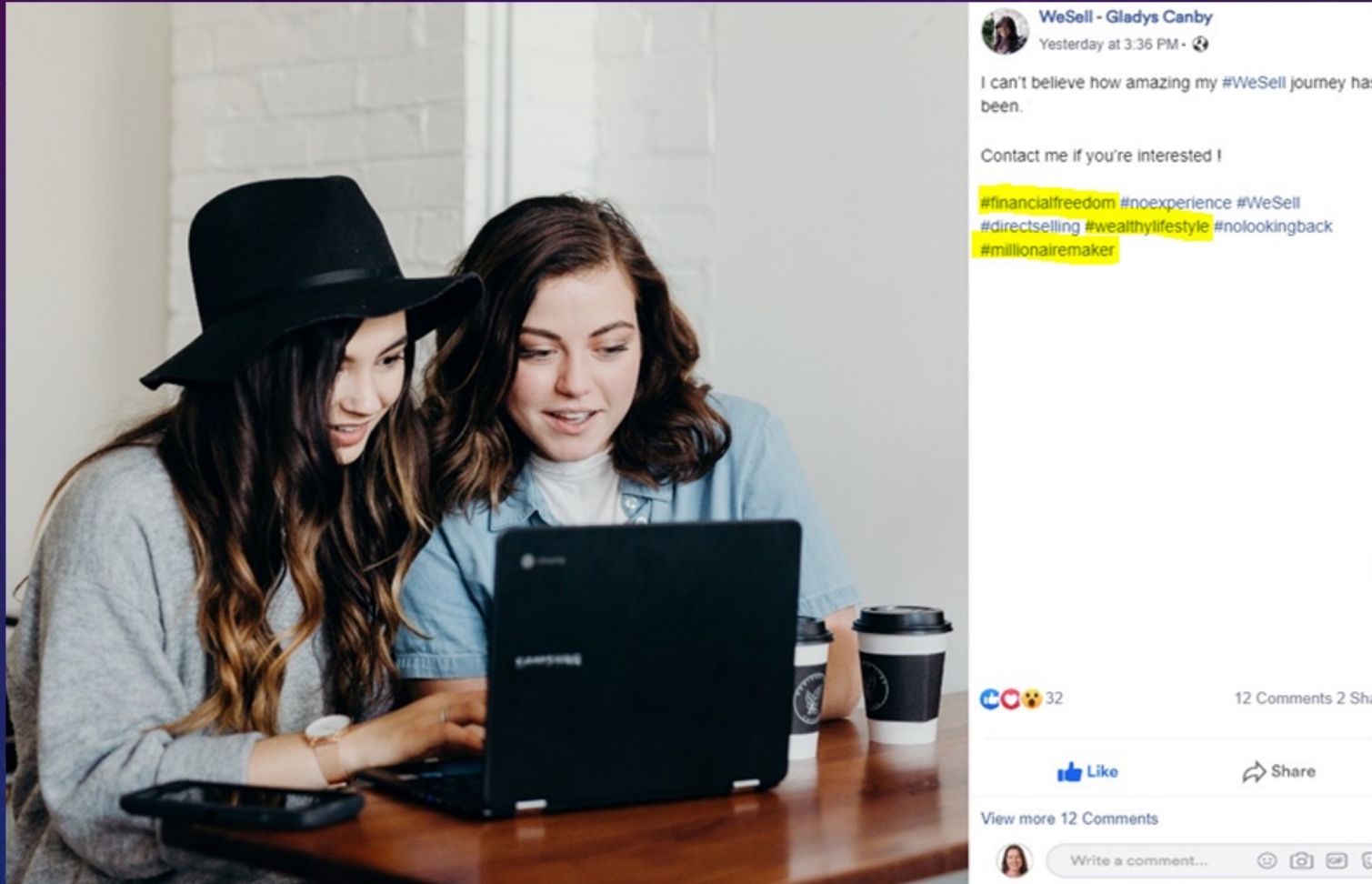
Started from the bottom, now we're here
This is all thanks to #WeSell !!
Come join my team, we can teach you how

CBacon@WeSell.com

A screenshot of a Facebook post. The post is from 'WeSell - Chris P. Bacon' and is dated 'Yesterday at 12:35 PM'. The text of the post says 'Started from the bottom, now we're here', 'This is all thanks to #WeSell !!', and 'Come join my team, we can teach you how'. Below the text is the email address 'CBacon@WeSell.com'. The bottom half of the screenshot shows a photograph of a silver Ferrari sports car parked in front of a large, modern house with a prominent arched entrance.

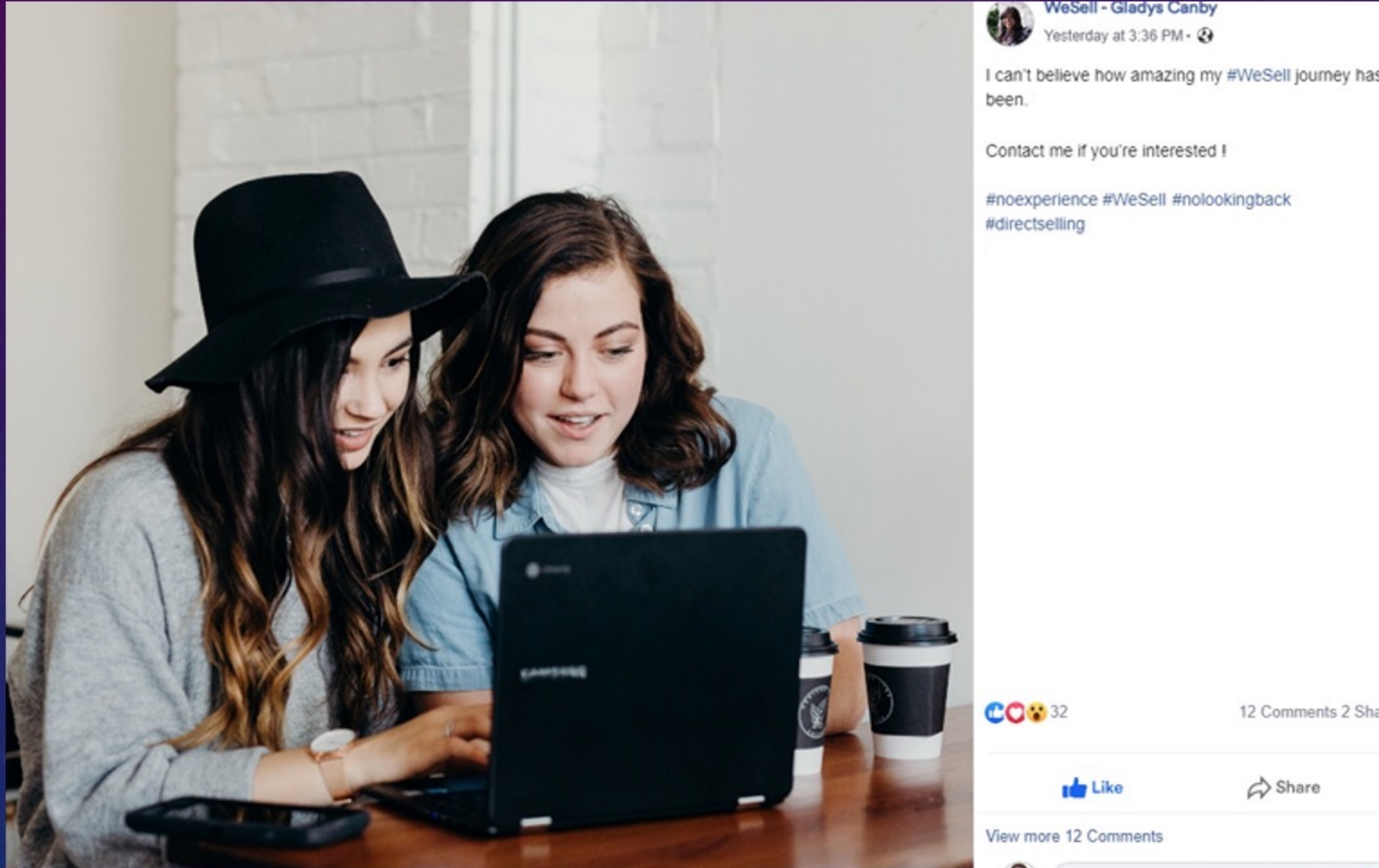
SOCIAL MEDIA “DON’T” – IMPROPER HASHTAGS

- Hashtags can also be considered claims.



SOCIAL MEDIA “DO” – PROPER HASHTAGS

- Hashtags can also be considered claims.



SOCIAL MEDIA “DOS” AND “DON'TS” – PRESENTATION



Pursuant to section 18 of the Federal Trade Commission Act (FTC Act), 15 U.S.C. 57a and the provisions of subpart B of the Commission's Rules of Practice, 16 CFR 1.7 through 1.20, you must be aware this is a hypothetical example, whereas the reality is that, in the calendar year 2021, the annual income earned by a typical WeSell distributor was \$239.

Don't – Includes confusing and unnecessary legal jargon



*In 2021, the annual income earned by a typical WeSell distributor was \$239.

[Income Disclosure Statement](#)

Do – Easily understandable

SOCIAL MEDIA "DOS" AND "DON'TS" – PROMINENCE



JOIN
THE TEAM
& Start Earning NOW!

Join today!

"I made \$205 in just
one month!"*

*Statement: In 2021, the annual income earned by a typical WeSell Distributor was \$239. [Income Disclosure Statement](#)



JOIN
THE TEAM
& Start Earning NOW!

Join today!

"I made \$205 in just
one month!"*

*In 2021, the annual income earned by a typical WeSell distributor was \$239. [Income Disclosure Statement](#)

Don't - Font too small, color not prominent

Do - Font and color prominent

SOCIAL MEDIA “DOS” AND “DON'TS” – PLACEMENT



**JOIN
THE TEAM**
& Start Earning NOW!

[Join today!](#)

**"I made \$205 in just
one month!"***

Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua. Nunc aliquet bibendum enim facilis gravida neque convallis a. Ullamcorper malesuada proin libero nunc consequat interdum varius sit. Amet nulla facilisi morbi tempus iaculis urna id volutpat lacus. *In 2021, the annual income earned by a typical WeSell Distributor was \$239 [Income Disclosure Statement](#). Egestas diam in arcu cursus euismod quis viverra. Dictum non consectetur a erat nam at lectus.

Don't – Disclosure buried in additional text



**JOIN
THE TEAM**
& Start Earning NOW!

[Join today!](#)

**"I made \$205 in just
one month!"***

***In 2021, the annual income earned by a typical WeSell distributor was \$239.**
[Income Disclosure Statement](#)

Do – Disclosure stands alone

SOCIAL MEDIA “DOS” AND “DON'TS” – PROXIMITY

**JOIN
THE TEAM**
& Start Earning NOW!
[Join today!](#)

"I made \$205 in just
one month!"*

**STARTER KIT
Sale!**
REFER A FRIEND FOR AN
ADDITIONAL DISCOUNT

[Join today!](#)

*In 2021, the annual income earned by a typical WeSell Distributor was \$239 [Income Disclosure Statement](#)

Don't – Disclosure too far away
from claim

**JOIN
THE TEAM**
& Start Earning NOW!
[Join today!](#)

"I made \$205 in just
one month!"*

*In 2021, the annual income earned by a typical WeSell distributor was \$239.
[Income Disclosure Statement](#)

Do – Disclosure close to claim

SOCIAL MEDIA “DOS” AND “DON'TS” – NAMES/HANDLES

- Even social media names/handles can be considered claims. Some hypothetical examples:
 - [facebook.com/tlcmillionairelifestyle](https://www.facebook.com/tlcmillionairelifestyle)
 - [facebook.com/groups/teammillionaires](https://www.facebook.com/groups/teammillionaires)
 - [instagram.com/millionairemindtlc](https://www.instagram.com/millionairemindtlc)
 - [tiktok.com/TLCWealthyLiving](https://www.tiktok.com/TLCWealthyLiving)

SOMETIMES THE STANDARD DISCLAIMER IS NOT ENOUGH – “DON’T” EXAMPLE – INCENTIVE TRIP

- In this case, a specific disclaimer or statement of fact is necessary to make sure a post is not misleading.
- The post implies that the distributor is able to travel because of the company.
- The disclaimer is truncated on a mobile device so the viewer must click “more” to read it.



SOMETIMES THE STANDARD DISCLAIMER IS NOT ENOUGH – “DO” EXAMPLE – INCENTIVE TRIP

- The disclaimer can be read more easily on a computer screen.
- A specific disclaimer was added that shows that only some of the consultants qualified for the incentive trip and does not imply that being a part of the company allows for exotic vacations.



WHY CAN'T I TELL MY STORY?

It does not matter that your testimonial represents your own personal experience.

You are the exception.

- Higher levels of success in network marketing depend on many factors:
 - Timing
 - Work ethic
 - Commitment
 - Demand for product
 - Coaching
 - Support

WHY CAN'T I TELL MY STORY? (CONT.)

As much as you may believe in the network-marketing industry, TLC, and its products, the reality is that the majority of people who join a direct-selling company do not experience the same levels of success that the “industry leaders,” most of whom have been in network marketing for many, many years, have experienced. It is vital that you create proper expectations when presenting the opportunity to prospective LCs. By setting honest and realistic expectations, a potential LC will be able to make an informed decision about whether to join TLC or not.

KEY TAKEAWAYS

- You are not selling “the dream.” You are selling the **products** and discussing a potential income opportunity.
- You can make representations so long as they are accurate, truthful, and supported by evidence.
- Use the IDS to qualify any atypical earnings claims.
- Use the facts from the IDS to ensure that any statements made are accurate.
- Do not use the highest level of income achievable as an example of what is possible.
- If possible, avoid using pictures of luxury items or vacations in promotional materials, videos, or social media posts.
- Any success you may have experienced does not guarantee that others will have the same results.



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Presents

U.L.E.A.R.N

Leadership, Earning, Attraction, Retention, & Networking