

Sunset Clause Decoder: Know When They Stop Getting Paid

The clause that keeps reps cashing checks — long after they're gone.
By Lex Nova Lawyer x Thoolie

Sunset clauses are how former managers, agents, and producers keep earning money from your work — even *after* you've fired them. This guide breaks down how they work, how to spot unfair versions, and what to ask for in negotiations.

What This Is

A creator-friendly breakdown of **Sunset Clauses** — the fine print that governs **how long a rep keeps earning** after you end the relationship.

Includes:

- ✓ Plain-English explanation
 - ✓ Real-world red flags
 - ✓ Smarter alternatives
 - ✓ Sample language for contracts
 - ✓ Questions to ask before signing
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What Is a Sunset Clause?

A **sunset clause** allows your former rep to keep earning commission on deals they helped secure — for a **limited time** after you part ways.

-  The good version: fair, time-limited, applies only to deals they worked on.
 -  The bad version: goes on for years, includes unrelated income, or has no end date.
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Red Flag Sunset Language

Clause	Why It's a Problem
"10% of all earnings in perpetuity"	No end date. You're paying them forever.
"Commission on all income from prior clients, contacts, or introductions"	Broad. Could include deals they didn't close.
"Sunset applies to renewals and extensions"	You could still owe them years later, even if the rep was fired.
"Continues unless terminated in writing"	You might still be paying them just because no one followed up.

Smarter Sunset Alternatives

 Don't Use This	 Use This Instead
"Commission in perpetuity"	"Commission for 12 months post-termination only"
"All income from prior introductions"	"Only applies to deals executed during representation"
"No defined sunset period"	"Tiered payout: 100% in year 1, 50% in year 2, 25% in year 3"
"Sunset applies to renewals"	"Sunset applies to original deal term only, not renewals"

Sample Sunset Clause (Fair Version)

"Representative shall continue to receive commission on engagements substantially negotiated during the Term, for a period of twelve (12) months following termination. This clause shall not apply to renewals, extensions, or new engagements beyond that period."

Questions to Ask Before You Sign

- How long does the sunset period last?
 - Does it apply only to deals they *negotiated*, or to everything?
 - Is it **tiered** or capped?
 - What happens if the deal renews? Do they still get paid?
 - Is the sunset clause clearly defined in writing?
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Final Tip from Lex Nova Lawyer

Sunset clauses are **normal** — but they should never be **forever**.
A good rep gets paid for what they built. A bad clause lets them collect on work they never did.
Time it. Define it. Cap it.

Want a better agreement?

Thoolie's paid templates include sunset clause options built for fairness — whether you're a creator, a rep, or both. Start with smart defaults and tailor with confidence.

 [Explore Talent Contracts on Thoolie](#)