



Producer-Writers Guild of America Pension Plan Writers' Guild-Industry Health Fund



Terence L Young, Chief Executive Officer

TO: PARTICIPATING COMPANIES THAT ARE OR WILL BECOME SIGNATORY TO THE WGA 2008 THEATRICAL AND TELEVISION MINIMUM BASIC AGREEMENT

**RE: WRITERS' GUILD-INDUSTRY HEALTH FUND
PRODUCER-WRITERS GUILD OF AMERICA PENSION PLAN**

On May 2, 2010, we will enter the third period of the 2008 Minimum Basic Agreement ("MBA"). 1st period February 13, 2008 through May 1, 2009, 2nd period May 2, 2009 through May 1, 2010, and 3rd period May 2, 2010 through May 1, 2011.

Network prime time minimums and daytime serial script fees will increase **3.0%** per year, compounded. Other than network prime time rates will increase **3.5%** per year, compounded. Program fees increase only once by 3% in the second period.

HEALTH FUND

The signatory employer is required to contribute to the Fund an amount equal to **8.5%** of all "gross compensation" (as that term is defined in Article 17 of the MBA) earned and paid or due to writers for guaranteed flat-deal writing services covered under the terms of the MBA, provided the writer's employment contract is dated on or after November 1, 2004 or is employed on a week-to-week or term deal. Optional services are reportable at the rate and ceiling in effect on the date the optional service is exercised (default to pay date if unknown).

For writer's contracts dated on or after February 13, 2008, the reportable ceiling for long form television motion pictures and multi-part, closed-end series (MOW's, mini-series), which are 120 minutes or more in length, increased to **\$250,000** for a single writer or *bona fide* team of two writers or **\$500,000** for a team of three (3) writers. The Health Fund reportable ceiling for theatrical motion pictures increased to \$250,000 for contracts dated on or after November 1, 2004. Theatrical residuals are not reportable.

*In the 2nd or 3rd period of the contract, the Trustees may agree to increase or reduce the Health Fund contribution rate by up to 0.5%, in increments of not less than one-quarter (0.25%), by reducing or increasing minimums a corresponding percentage if they determine that additional contributions are needed/not needed to maintain the level of benefits in existence on February 13, 2008.

PENSION PLAN

The signatory employer is required to contribute to the Plan an amount equal to **6.0%** of all "gross compensation" (as that term is defined in Article 17 of the MBA) earned and paid or due to writers.

For writers' contracts dated on or after February 13, 2008, the reportable ceiling for theatrical motion pictures and long form television motion pictures and multi-part, closed-end series (MOW's, mini-series), which are 120 minutes or more in length, increased to **\$225,000** for a single writer or *bona fide* team of two writers or **\$450,000** for a team of three writers. The ceilings for guaranteed services contained in a writer's contract dated November 1, 2004 to February 12, 2008 were \$200,000 for a single writer or *bona fide* team of two writers or \$400,000 for a team of three writers. Optional services exercised on or after February 13, 2008 are reportable up to the increased limits. Theatrical residuals are not reportable.

TELEVISION REPORTING LIMITS (does not apply to MOW, mini-series as shown above)

Contributions are due and payable on **the greater of** (i) the aggregate of 2 ½ times the applicable minimum as set forth in the MBA, or (ii) the initial compensation agreed upon in the individual employment contract. The applicable minimum is the other than network prime time rate for the services being rendered. (See Article 13.B.7. of the MBA). Residuals are reportable up to the ceiling per project. Supplemental market residuals are not reportable unless the project was originally made for a supplemental market.

RATES AND CEILINGS

Guaranteed flat-deal employment (screenplays, episodic scripts, MOW's, etc.) is reportable at the contribution rate and ceiling in effect as of the writer's contract date. **Optional services** are reportable at the contribution rate and ceiling in effect on the date the optional service is exercised (default to pay date if actual date is unknown).

WHEN IS COMPENSATION REPORTABLE

Generally, **the writer's initial compensation is reportable in the month in which it is earned**, not the month in which it is paid. Residuals are reportable in the month in which the program re-aired, default to the month paid if air date unknown or not applicable. The Trusts will not bill for contributions unless we discover a delinquency. It is the responsibility of the signatory employer to make contributions in a timely manner. Please note that under ERISA, the Trusts are required to charge interest on delinquent contributions.

PURCHASE OF LITERARY MATERIAL - IRS Code Section 401(a)(17)

Compensation for the purchase of literary material from a "professional writer" is reportable up to the IRS limit (\$245,000, effective 1/1/09) if the same writer is also hired to perform additional writing services such as a rewrite or polish on the project. Compensation for the purchase and hired services are reportable up to the ceiling per project.

NOT REPORTABLE

Options, clips, royalties, character payments, separated rights, interest, late fees, expenses, publication fees, trainee salary.

REPORTABLE

Story Editors are 100% reportable.

If you are hiring a Creative Consultant, please call the Trusts for assistance in determining the reportable amount.

BONUS

A bonus is reportable up to the ceiling per project (ceiling determined by writer's contract date).

TEAMS

A *bona fide* two person writing team usually shares the compensation and ceiling equally. An unequal division of compensation requires the approval of the Writers Guild of America. The percentage of compensation paid to each writer will determine the allocation of the ceiling. A *bona fide* team of two writers is considered one writer for the ceiling calculation.

10% OWNER REPORTING REQUIREMENTS

In order to curtail practices which appear to circumvent the intent of the Trust Agreements and create a drain on the assets of the Trusts, on January 1, 2001, the Board of Directors/Trustees adopted the following revised rules of the Trusts governing eligibility for benefits thereunder:

- Contributions on the Writer's compensation do not count toward the Writer's eligibility for benefits when the Writer directly or indirectly owns ten percent (10%) or more of the equity of the contributing employer*, or where a contributing employer is a non-profit entity as defined under Internal Revenue code, for which a writer is an officer, board member, director (or serves in another similar capacity of such non-profit), and the employer hires the Writer to perform only writing services unless an unrelated third party directly utilized and paid for the Writer's services. In no event shall contributions be due on amounts in excess of the amounts paid by the third party to the contributing employer for covered services.
- Contributions on the Writer's compensation do not count toward the Writer's eligibility for benefits when the Writer directly or indirectly owns ten percent (10%) or more of the equity of the contributing employer*, and the Writer performs writing and other services (other than under Article 14 of the Basic Agreement). Contributions do not count toward eligibility under this provision even if the contributing employer is hired by an unrelated third party.

Notwithstanding the above, contributions will count toward eligibility for benefits if the contract with the unrelated third party specifically states the amount allocated for such Writer's covered writing services. In this case, contributions shall be due on the greater of the amount so specified or the Basic Agreement's minimum for such writing services.

In addition, if the contract with the unrelated third party does not specifically state the amount allocated for such Writer's covered writing services, contributions will count toward eligibility for benefits when contributions are based on the **lower** of one of the following:

- (a) five percent (5%) of the total compensation the contributing employer received from the unrelated third party for producing **non-dramatic programming***** or ten percent (10%) of the total compensation the contributing employer received from the unrelated third party for producing **dramatic programming**, or
- (b) at least \$125,000**

In either case (a) or (b), the employer must contribute on at least the Basic Agreement's minimum for writing services.

*The term "indirectly owns...the equity of the contributing employer," includes (a) equity ownership by the Writer's spouse, the Writer's (or spouse's) parent, sibling or lineal descendant, or (b) funding of the employer by the Writer or the Writer's spouse, the Writer's (or spouse's) parent, sibling or lineal descendant.

**The Fund's actuary estimated that contributions on \$125,000.00 of compensation was the amount necessary in 2000 to pay the cost of the annual Health Fund coverage for an eligible active participant. Periodically, this figure will be adjusted to approximate the annual cost to the Health Fund of coverage.

***For this purpose, "non-dramatic programming" includes all types of programming other than those that are specifically dramatic in nature (e.g., comedy-variety, documentary, quiz and audience participation).

New Media – 100% Self-Funded Owner/Writer

- If the Owner/Writer does not receive any outside financing and is **fully self-funded**, contributions on the Owner/Writer's compensation will count towards the Owner/Writer's eligibility for benefits when there is a legitimate project produced and distributed. Contributions are payable upon first receipt of revenues* and are deemed earned and due at that time. The writing fee reportable amount would be 10% for Dramatic programming or 5% for Non-Dramatic programming based on the actual production budget.

*Revenues are fees received from an unrelated third party for availability or exhibition of the project, *i.e.*, program(s) or series, on New Media, including but not limited to, the internet and mobile devices (such as cell phones and PDA's).

Note: If the New Media Owner/Writer's project is not 100% self-funded, the "10% Owner Reporting Requirements" and "Other Reporting Requirements" provided herein will apply.

OTHER REPORTING REQUIREMENTS

- Contributions on the Writer's compensation do not count toward the Writer's eligibility for benefits when the Writer is employed for writing and other services (other than under Article 14 of the Basic Agreement) and the Writer's contract does not separate writing compensation from compensation for other services unless the employer contributes on the lower of:
 - (a) one hundred percent (100%) of the Writers' total compensation under the contract, or
 - (b) \$125,000**

Please call the Employer Compliance Department for more information on the [Owner/Writer](#) reporting requirements to confirm that your project is covered under these rules.

MEMBERSHIP

Membership in the Guild is not required for compensation to be subject to contributions. Any writer performing covered services for a signatory employer is reportable. Please contact the Guild for more information if your writer is performing services outside the United States.

WEEKLY AND TERM EMPLOYMENT

The Health Fund contribution rate payable on **week-to-week and term** employment is the rate in effect during the work week (see charts below for Article 14.K.-Writers Employed In Additional Capacities (Writer-Producers/Showrunners/Hyphenates) and Article 14.E.2. Additional Capacity Television Development).

ARTICLE 14.K. – 20 or more weeks	Weekly Reportable Pension and Health Amount	Health Fund Rate
February 13, 2008 – September 30, 2008	\$5,336	8.5%
October 1, 2008 – March 31, 2009	\$5,336	8.0%
April 1, 2009 – May 1, 2009	\$5,336	8.5%
May 2, 2009 – May 1, 2010	\$5,523	8.5%*
May 2, 2010 – May 1, 2011	\$5,716	8.5%*

ARTICLE 14.E.2.	Weekly Pension Reportable (\$202,000/year)	Weekly Health Reportable (\$250,000/year)	Health Fund Rate
February 13, 2008 – Sept. 30, 2008	\$3,884.62	\$4,807.69	8.5%
October 1, 2008 – March 31, 2009	\$3,884.62	\$4,807.69	8.0%
April 1, 2009 – May 1, 2009	\$3,884.62	\$4,807.69	8.5%
May 2, 2009 – May 1, 2010	\$3,884.62	\$4,807.69	8.5%*
May 2, 2010 – May 1, 2011	\$3,884.62	\$4,807.69	8.5%*

SIDELETTER TO ARTICLE 14.E.2.

When a writer is employed under a development deal as stated in Article 14.E.2. and, under the same contract, is employed to perform Article 14.K. services on a series for which the writer receives additional money which is not creditable, contributions shall be payable as set forth in Article 14.E.2. for the full term of employment and shall be paid on the non-creditable Article 14.K. services, except for those periods of time when the writer is not performing development services and is receiving Article 14.K. compensation on the series outside of the Article 14.E.2. guarantee (a/k/a fresh cash). In that case, contributions shall be payable on the non-creditable Article 14.K. minimum, script fees, program fees and on 50% of the amount otherwise due under Article 14.E.2.

Serials covered under Article 13.B.5. of Appendix A

For serials covered under Article 13.B.5. of Appendix A, the reportable ceiling for a single writer or *bona fide* team of 2 writers per Company per calendar year is \$350,000 or \$700,000 per Company per calendar year for a team of three (3) writers.

Please contact the Contribution Processing Department for information regarding electronic submission of your Report of Contributions at (818) 846-1015 or at www.contributions@wgaplans.org.

You can obtain a copy of the reporting rules and report of contributions on the Contributions tab at www.wgaplans.org.

If you have any questions, please feel free to contact the Administrative Office at (818) 846-1015 or at www.employercompliance@wgaplans.org