TO: ALL PARTICIPANTS

CHANGE IN QUALIFYING EARNINGS AMOUNT FOR ACTIVE (EARNED) ELIGIBILITY

A writer qualifies for Health Fund coverage by earning the WGA minimum for a one-hour network primetime story and teleplay, currently $38,302 of covered, reportable compensation, within four consecutive calendar quarters.

As of July 1, 2017, the WGA minimums will increase and a writer will have to earn $38,685 of covered reportable compensation within four consecutive calendar quarters in order to qualify for one year of Health Fund coverage.

EXPLANATION OF AN EARNINGS CYCLE

When you first become employed, your signatory employer reports your earnings to the Health Fund; this starts your initial four-quarter earnings cycle. Once qualified for coverage, a writer has a specific four-quarter earnings cycle in which they must continue to satisfy the earnings minimum in order for coverage to continue without interruption from year to year.

REAL WORLD SCENARIOS

EXAMPLE 1 – Earning Cycle Ending 3/31/2017:

Let’s say you earned $10,000 in September of 2016, and then another $28,302 in March 2017 for a total of $38,302. Congratulations! You qualify for a year of healthcare coverage that begins on July 1, 2017.
Why July 1st instead of March 1st or April 1st? There is a “one-quarter processing period” between the quarter when you qualify and when your coverage actually begins. In this example, you qualified in the 1st quarter of 2017, therefore; the processing period is the 2nd quarter of 2017 (4/1/17 to 6/30/17).

**EXAMPLE 2 – Earning Cycle Ending 9/30/17 (new minimum is applicable):**

What happens if you earn $10,000 in December of 2016, and then earn an additional $28,302 in July 1, 2017? The $38,302 would no longer be enough to qualify for Health Fund coverage because on July 1, 2017, the minimum increases to $38,685. If you had earned the additional $28,302 by June 30, 2017, you would have qualified because you met the minimum the day before the minimums went up.

If you then earn an additional $383.00 in the 3rd quarter (7/1/17 to 9/30/17), you would qualify for coverage based on the new earnings minimum of $38,685, the “processing quarter” would be the 4th quarter (10/1/17 to 12/31/17), and your Health Fund coverage would begin on January 1, 2018 for one year.

The chart below shows how the Health Fund coverage qualification rules are applied and how coverage is earned based on the new earnings minimum effective July 1, 2017:

<table>
<thead>
<tr>
<th>Quarter Earnings Minimum is satisfied:</th>
<th>Amount required to qualify:</th>
<th>Processing Quarter:</th>
<th>Coverage Begins:</th>
<th>Coverage Ends:</th>
<th>Earnings Cycle for next year of coverage:</th>
</tr>
</thead>
<tbody>
<tr>
<td>3rd quarter 2017 (7/1/17-9/30/17)</td>
<td>$38,685</td>
<td>4th quarter 2017</td>
<td>1/1/2018</td>
<td>12/31/2018</td>
<td>10/1/2017 to 9/30/2018</td>
</tr>
<tr>
<td>4th quarter 2017 (10/1/17-12/31/17)</td>
<td>$38,685</td>
<td>1st quarter 2018</td>
<td>4/1/2018</td>
<td>3/31/2019</td>
<td>1/1/2018 to 12/31/2018</td>
</tr>
<tr>
<td>2nd quarter 2018 (4/1/18-6/30/18)</td>
<td>$38,685</td>
<td>3rd quarter 2018</td>
<td>10/1/2018</td>
<td>9/30/2019</td>
<td>7/1/2018 to 6/30/2019</td>
</tr>
</tbody>
</table>

Please note that if you have reached the ceiling on a project ($250,000) or received compensation that is not subject to reporting, these earnings may not be applicable to Health Fund eligibility.
Non-reportable compensation includes the following items: 1) Excerpt payments, 2) Royalties, 3) Character payments, 4) Options, 5) Late fees, 6) Expenses, 7) Theatrical residuals, 8) Over-ceiling TV residuals, 9) Separated rights payments, 10) Publication fees, and 11) Amounts over the weekly staff, 14K and 14E2 minimums (unless otherwise contracted). A detailed summary of what is and is not covered reportable compensation can be found on our website at:

https://wgaplan.org/contributions/forms/Reportable_Summary_Schedule.pdf

For a one-hour daytime serial program, if you are a writer of thirteen (13) breakdowns during one thirteen-week cycle, who has been paid a total of less than $38,685, you may still be eligible to receive one year’s Health Fund eligibility. Please call the Contributions Department at the Administrative office for details.

Should you have any questions or concerns, we encourage you to contact the Eligibility Department at the Administrative Office so that we may assist you. We are here to be your trusted guide.

Sincerely,

BOARD OF DIRECTORS/TRUSTEES