

To: ALL PARTICIPANTS & EMPLOYERS

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, and as revised thereafter, 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 is an officer, board member or director of a for-profit 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 collective bargaining agreement's minimum for writing services.

In order for the Administrative Office of the Trusts to determine if contributions can be accepted, additional documentation, including but not limited to the following items, may need to be submitted for review:

PROOF OF UNRELATED OUTSIDE FINANCING
(check copies / wire transfers / bank statements)

LICENSE AGREEMENT BETWEEN SIGNATORY AND FINANCIER
(license agreement should contain an allocation for the writing services, if not, see (a) and (b) above)

EMPLOYMENT CONTRACT BETWEEN SIGNATORY AND WRITER

BUDGET
(with allocation for writing services and contributions)

EVIDENCE OF PAYMENT TO WRITER
(copy of canceled check, wire transfer or bank statement)

SCRIPTS AND OTHER LITERARY MATERIAL

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

**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).

***The Fund's actuary estimated that contributions on reportable earnings in the amount of \$125,000 were the amount necessary in 2001 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. Note – the reportable earnings required to pay for a year of employer-paid coverage in 2012 was \$152,054.

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***

***The Fund's actuary estimated that contributions on reportable earnings in the amount of \$125,000 were the amount necessary in 2001 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. Note – the reportable earnings required to pay for a year of employer-paid coverage in 2012 was \$152,054.

If a project is strictly development, earnings may not be reportable. New projects that are created without a license agreement and/or budget may not be reportable. Proof of unrelated third party financing does not guarantee acceptance of the contributions.

Any questions as to whether certain earnings are "covered" should be directed to the Employer Compliance Department. Please call (818) 846-1015, press "3", then "1" when prompted.

Sincerely,
BOARD OF DIRECTORS/TRUSTEES
Revised 2/18/14