



Writers' Guild-Industry Health Fund

Terence L. Young, Chief Executive Officer

May 20, 2010

TO: ALL PARTICIPANTS

CHANGE IN QUALIFYING EARNINGS AMOUNT FOR ACTIVE (Earned) ELIGIBILITY

Eligibility for Health Fund coverage is based on earnings which equal the WGA minimum for a one hour, network prime time story & teleplay. Through the period ending June 30, 2010, you must earn \$32,700 in covered (reportable) compensation within four (4) consecutive calendar quarters to qualify for one year of employer paid eligibility. Under the Writers Guild of America 2008 Theatrical and Television Minimum Basic Agreement, that minimum increases to **\$33,681**, effective May 2, 2010.

Consequently, starting **July 1, 2010**, the minimum of covered (reportable) earnings required for Health Fund eligibility will be **\$33,681, earned within four (4) consecutive calendar quarters**. This change will affect eligibility accrual periods beginning with the calendar quarter which commences July 1, 2010. Please note that some of your earnings may not be reportable to the Health Fund if you have reached the ceiling on a project or received compensation that is not subject to reporting.

Examples of non-reportable compensation include but are not limited to: royalties, clips, character creation fees, options, theatrical residuals, over ceiling television residuals, separated rights, and publication fees. Please contact the Employer Compliance Department for information related to Writer/Producers covered under Article 14.

Note: Writers of thirteen (13) breakdowns during one thirteen-week cycle for a one-hour daytime serial program who have been paid a total of less than \$33,681, may still be eligible to receive one year's Health Fund eligibility. Please call the Administrative Office for details.

EXAMPLE OF BASIC INITIAL ELIGIBILITY (not currently on earned coverage)

If your covered (reportable) earnings total **\$33,681**, earned within four (4) or less consecutive calendar quarters, you will be eligible for twelve (12) consecutive months of earned coverage after a lag period of

Earnings Cycle Ends	Lag Quarter	Coverage Cycle
Dec. 31, 2009 – (\$32,700)	Jan. 1, 2010 – March 31, 2010	April 1, 2010 – March 31, 2011
March 31, 2010 – (\$32,700)	April 1, 2010 – June 30, 2010	July 1, 2010 – June 30, 2011
June 30, 2010 – (\$32,700)	July 1, 2010 – Sept. 30, 2010	Oct. 1, 2010 – Sept. 30, 2011
Sept. 30, 2010 – (\$33,681)	Oct. 1, 2010 – Dec. 31, 2010	Jan. 1, 2011 – Dec. 31, 2011
Dec. 31, 2010 – (\$33,681)	Jan. 1, 2011 – March 31, 2011	April 1, 2011 – March 31, 2012
March 31, 2011 – (\$33,681)	April 1, 2011 – June 30, 2011	July 1, 2011 – June 30, 2012
June 30, 2011 – (\$33,681)	July 1, 2011 – Sept. 30, 2011	Oct. 1, 2011 – Sept. 30, 2012

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EXAMPLE OF CONTINUATION OF ELIGIBILITY

If your earnings cycle is January 1, 2009 through December 31, 2009 or April 1, 2009 through March 31, 2010 or July 1, 2009 through June 30, 2010, and you earned at least \$32,700 in reportable earnings by the end of your earnings cycle, you can qualify for an additional twelve (12) months of earned coverage.

However:

If your earnings cycle is October 1, 2009 through September 30, 2010, or January 1, 2010 through December 31, 2010, and you did not earn \$32,700 by June 30, 2010, but earned at least \$33,681 by the end of your earnings cycle, you can qualify for another twelve (12) months of earned coverage.

Earnings Cycle	Minimum for Eligibility	Coverage Cycle
Oct. 1, 2009 – Sept. 30, 2010	\$32,700 by June 30, 2010, \$33,681 thereafter	Jan. 1, 2011 – Dec. 31, 2011
Jan. 1, 2010 – Dec. 31, 2010	\$32,700 by June 30, 2010, \$33,681 thereafter	April 1, 2011 – March 31, 2012
April 1, 2010 – March 31, 2011	\$32,700 by June 30, 2010, \$33,681 thereafter	July 1, 2011 – June 30, 2012
July 1, 2010 – June 30, 2011	\$33,681	Oct. 1, 2010 – Sept. 30, 2011

Please note the minimum for eligibility effective July 1, 2011 will be determined by the upcoming negotiations for the 2011 MBA.

EXTENDED COVERAGE PROGRAM- HOW POINTS ARE EARNED

The Fund's Extended Coverage Program provides an extension of Health Fund coverage should a Writer not have the required amount of covered (reportable) earnings to qualify for regular, employer-paid coverage by awarding points as indicated below. Once a Writer accumulates a sufficient number of points, the points are applied to provide Health Fund coverage without cost to the Writer and precede any COBRA coverage which the Writer will eventually be able to purchase. For each earnings cycle (the four quarters during which a Writer's reportable earnings are calculated for employer-paid Health Fund Coverage), up to three (3) points may be earned as follows:

One (1) point for each 4-quarter eligibility cycle which resulted in Health Fund eligibility.

One (1) additional or *second point* for each four-quarter earnings cycle during which the writer earned covered compensation as reported to the Health Fund* for the indicated earnings cycles listed below.

Earnings Minimum For	Earnings Cycle	Earnings Cycle	Earnings Cycle	Earnings Cycle

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Second Point	Effective Date	Effective Date	Effective Date	Effective Date
\$100,000		04/01/00	07/01/00	10/01/00
103,252	01/01/01	04/01/01	07/01/01	10/01/01
106,089	01/01/02	04/01/02	07/01/02	10/01/02
108,741	01/01/03	04/01/03	07/01/03	10/01/03
111,460	01/01/04	04/01/04	07/01/04	10/01/04
113,968	01/01/05	04/01/05	07/01/05	10/01/05
116,534	01/01/06	04/01/06	07/01/06	10/01/06
119,156	01/01/07	04/01/07	07/01/07	10/01/07, 01/01/08
122,731	04/01/08	07/01/08	10/01/08	01/01/09, 04/01/09
126,413	07/01/09	10/01/09	01/01/10	04/01/10
130,205	07/01/10	10/01/10	01/01/11	04/01/11

*Under the rules of the Extended Coverage Program, on January 1, 2001, and the first day of each calendar year thereafter, the initial \$100,000 eligible earnings level for which a *second point* is awarded will be increased by an amount proportionally equivalent to the increase (if any) in the Guild minimum for a one hour network prime time story & teleplay.

Accordingly, the new amount for which an additional or *second point* may be awarded is [\\$130,205](#) for earnings cycles beginning July 1, 2010, October 1, 2010, January 1, 2011 and April 1, 2011.

Extended Coverage Program- Adjustment to Point Award Continued:

One (1) additional or <i>third point</i> for each four-quarter earnings cycle during which the writer earned covered compensation as reported to the Health Fund** for the indicated earnings cycles listed below.				
Earnings Minimum For Second Point	Earnings Cycle Effective Date	Earnings Cycle Effective Date	Earnings Cycle Effective Date	Earnings Cycle Effective Date
\$200,000		04/01/00	07/01/00	10/01/00
200,000	01/01/01	04/01/01	07/01/01	10/01/01
200,000	01/01/02	04/01/02	07/01/02	10/01/02
200,000	01/01/03	04/01/03	07/01/03	10/01/03
200,000	01/01/04	04/01/04	07/01/04	10/01/04
204,500	01/01/05	04/01/05	07/01/05	10/01/05
209,101	01/01/06	04/01/06	07/01/06	10/01/06
213,806	01/01/07	04/01/07	07/01/07	10/01/07, 01/01/08
220,220	04/01/08	07/01/08	10/01/08	01/01/09, 04/01/09
226,827	07/01/09	10/01/09	01/01/10	04/01/10
233,631	07/01/10	10/01/10	01/01/11	04/01/11

**In 2004, the Board of Trustees evaluated how a *third point* is awarded. The decision was made to amend the program as follows: Effective January 1, 2005, and the first day of each calendar year thereafter, the eligible earnings level for which an additional or *third point* is

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awarded will be increased by an amount proportionally equivalent to the increase (if any) in the Guild minimum for a one hour network prime time story & teleplay.

Accordingly, the new amount for which a *third point* may be awarded is \$233,631 for earnings cycles beginning July 1, 2010, October 1, 2010, January 1, 2011, and April 1, 2011.

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.

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*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 reporting requirements to confirm that your project is covered under these rules.

If you should have any questions regarding the changes or their impact on your individual situation, please contact the Eligibility Department at the telephone number on page 1 by selecting "3" at the menu prompt.

Sincerely,

BOARD OF TRUSTEES