



## **PENSION, HEALTH AND RETIREMENT**

### **FREQUENTLY ASKED QUESTIONS**

We know how important the Screen Actors Guild Pension & Health Plans and the AFTRA Health & Retirement Funds are to AFTRA and SAG members, and we are doing everything possible to make sure members have factual information about their benefits.

The following frequently asked questions (FAQs) have been developed to provide accurate answers to questions you may have.

**Q: Will the merger of the unions automatically result in a change in the way that the pension and health plans operate?**

A: No. The AFTRA Health & Retirement Funds and the Screen Actors Guild Pension & Health Plans are separate entities from the unions and are governed under their own trust agreements.

Any change in the way the pension and health plans operate, including a combination of the plans or creation of a new plan for all covered participants, would require further agreement by the bargaining parties or by each Plan's Board of Trustees, or by both. In either case, union appointees hold half of the seats, and employer appointees the other half, in each body.

The bargaining parties and trustees have many options to design pension and health plans to better serve all participants including creating a completely new pension or health plan, combining plans or perhaps keeping the current plans *and* creating new plans.

As a practical matter, none of these options to improve benefits for participants can even be considered without a merger of the unions.

**Q: If the pension and retirement plans are combined, or a new pension plan is created, will participants lose already earned benefits?**

A: No. Since federal law prohibits the reduction or elimination of already accrued benefits for any participants in almost every situation, the combination of the plans should not result in any reductions. In the very rare circumstance in which a very high earning member has accrued the maximum pension benefits in both plans and that combined amount would exceed the legal limit of yearly pension benefits, special efforts could be made to avoid any reduction in benefits.

**Q: If the plans are combined, or a new pension plan or new health plan is created, will the benefits structure of the current plans be retained or even improved?**

A: While existing pension benefits are protected, nothing guarantees any particular level of pension or health benefits in the future, whether or not the unions merge or the Funds are combined.

In recent years, the SAG and AFTRA plans have raised eligibility levels, increased premiums and co-pays and made other changes to manage medical cost inflation and declining investment returns.

That said, and as we know from experience today: while we can't control external factors like the stock market, more power at the bargaining table helps increase employer contributions to the plans, and that results in more and better benefits for participants. A merged union would increase our bargaining power and pave the way for improvements in or protection of benefits.

**Q: Would a merger of the unions lead to improved benefits in the future?**

A: A merger of the unions will maximize our ability to maintain and improve future benefits. This is true for the following reasons:

The level of benefits that any plan can provide is primarily determined by the amount of contributions paid by employers and the return on investments held by the plans. While we can't control external factors like the stock market, more power at the bargaining table helps increase employer contributions to the plans, and that results in more and better benefits for participants. A single union, with more leverage at the bargaining table, could better protect – and even increase – employer contributions to the health and pension and retirement plans.

In addition, the level of benefits is affected by the amount of work performed under either union's collective bargaining agreements: the more work that is organized under union

agreements, the more contributions are made into the unions' plans. A merged union, with a focused dedication to organizing, can increase union-covered employment and thereby, increase contributions to the plans, and further support and enhance benefits.

Finally, an individual's eligibility for benefits and the level of benefits depends on the extent to which he or she works under either an AFTRA or SAG collective bargaining agreement. Only by merging the unions will we be in the best possible position to construct the most unified health and pension plans with the highest possible level of benefits.

**Q: Could the assets of one plan be used to subsidize another plan?**

A: The assets of one plan cannot be used to subsidize a different plan.

**Q: Will the early retirement provisions and accrual rates of the pension plans be retained?**

A: As noted above, already accrued benefits – such as already accrued early retirement benefits under the SAG or AFTRA Plans and the accrual rates under both plans – cannot be retroactively reduced or eliminated.

**Q: Would any new pension plan be a defined benefit plan?**

A: The defined benefit pension plans of the AFTRA Retirement Fund and the SAG Pension Fund have been in existence for more than half of a century, and were created as a result of hard fought negotiations by each union. These plans are an essential benefit for SAG and AFTRA members, and are good for the industry as well. The recent volatility in the financial markets underscores that a defined benefit plan is one of the most valuable benefits that can be provided to union members.

Over the years, the leaderships of both unions have never entertained any suggestion to shift from a defined benefit plan, and it is therefore inconceivable that the leadership of a new, merged union would ever entertain such a suggestion.

**Q: How would a merger affect things under the health plans like the current premium structures, retiree health coverage and the minimum earnings needed to become eligible for benefits?**

A: Whether or not there is a merger, nothing absolutely guarantees health benefits in the future. Benefit reductions instituted by both health plans in the recent past clearly illustrate this point.

This uncertainty means that the unions can no longer afford to remain separate. Common sense suggests that if the unions merge, and then subsequently the health plans combine, the advantages could be many. For example:

- Better buying power with a single combined plan
- More efficient and cheaper administration (offices, attorneys, actuaries, accountants, etc.)
- Convenience for members who will be able to go to one Fund Office for one set of answers to their important benefits questions

Importantly, a merged union would have more power at the bargaining table to increase employer contributions, and to protect and direct how those contributions are allocated under the collective bargaining agreements.

**Q: Who will determine the level of pension and health benefits in the future?**

A: For the entire history of these plans, the level of benefits has been determined by the trustees of each of the plans. We would expect that the trustees of the pension and health plans will continue to set the level of benefits in the future. As required by law, half of those trustees will continue to be appointed by the union and the other half by the employers.