



## MEMORANDUM

**TO:** All Controlled Employers

**FROM:** Shanda Zuniga, Manager, Employer Contracts Department

**DATE:** September 22, 2010

**RE:** Changes to Rules Applicable to Controlled Employers

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The Motion Picture Industry Pension and Health Plans (“Plans”) require Controlled Employers to employ one or more covered Employee(s) (in addition to the Controlling Employee(s)). If the Controlled Employer fails to have at least one such non-controlling Employee during any 12 consecutive month period, or fails to employ and contribute on a minimum of 1500 hours (in the aggregate) for work performed by such other non-controlling Employee(s) during any 12 consecutive month period (“the 1500 Hour Requirement”), then Employer status for the Controlled Employer will be terminated.

The Boards of Directors of the Plans have approved the following amendments to the rules of the Plans pertaining to Controlled Employers and Controlling Employees, effective August 1, 2010:

1. Controlled Employers who fail to meet the above 1500 Hour Requirement during any 12 consecutive month period will be permitted to continue to contribute on Controlling Employee(s), but must contribute for such Employees at the rate of \$9.797 per hour, which is the rate calculated by the Plans each year reflecting the actuarial cost of providing benefits. That increased rate must be paid for no less than one year from the date the company is notified that it failed to meet the 1500 Hour Requirement. Note that this contribution rate is revised once a year to reflect the Health Plan’s costs, and the \$9.797 rate will be adjusted accordingly.
2. If, at the end of the one-year period, the Controlled Employer again fails to meet the 1500 Hour Requirement, the Controlling Employee(s) will be permitted to continue participation in the Plans at the higher contribution rate for one additional year. In the event the Controlled Employer fails to meet the 1500 Hour Requirement at the end of the second year, the Controlled Employer will be prohibited thereafter from making contributions for all Controlling Employees.
3. A Controlled Employer that fails to meet the 1500 Hour Requirement for two consecutive years will no longer default to the status of a "loan out" company, but will become a standard Employer whose agreement excludes participation of all Controlling Employees,

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but requires contributions on behalf of all other Employees in accordance with the terms of the applicable collective bargaining agreement.

These changes apply to all signatory Employers that employ one or more “Controlling Employee.” This Memorandum only summarizes the changes and the Plan Trust Agreement and rules should be reviewed for complete details.

If you have any questions, please contact Sandra Gallegos at [sgallegos@mpiphp.org](mailto:sgallegos@mpiphp.org), or at (818) 769-0007, extension 436.