



DATE: December 1, 2009

TO: ALL EMPLOYERS REQUIRED TO CONTRIBUTE TO THE INDIVIDUAL ACCOUNT PLAN

INCREASE IN MAXIMUM ANNUAL IAP PERCENT COMPENSATION TO \$245,000

In addition to the regular 30.5¢ per hour contribution to the Motion Picture Industry Individual Account Plan (“IAP”), most Employers are also required to make an additional contribution that is a percentage of each employee’s compensation, as defined in the IAP Trust Agreement. Under the law, there is a maximum amount of compensation that can be taken into consideration for this purpose.

2010 Maximum Annual Amount This notice is to advise you that, consistent with changes in the law, the maximum annual amount of “**compensation**” that can be taken into account for any employee has been increased from \$230,000 to \$245,000, for the IAP year beginning December 27, 2009.

Details are set forth in Exhibit A of the IAP Trust Agreement, as well as the applicable non-affiliate and collective bargaining agreements.

What constitutes IAP “compensation”?

If you are signatory to a non-affiliate agreement that requires the IAP percentage contribution, “compensation” may be defined, depending on the type of non-affiliate agreement, as either:

- 1) W-2 wages, or
- 2) the rates set forth in your non-affiliate agreement.

The limit may impact some non-affiliates, since IAP compensation for them is defined as W-2 compensation (and 401k and cafeteria plan deferrals).

Note that some non-affiliate agreements, in particular the “General Non-affiliate Agreement”, do not provide for IAP percentage contributions, and are therefore not affected. You should review your non-affiliate agreement(s) to determine the appropriate compensation base required for percentage contributions, if any.

If you are signatory to a collective bargaining agreement that requires IAP percentage contributions, “compensation” is defined as the scale Regular Basic Hourly Rate (“RBHR”) in the applicable collective bargaining agreement. For example, you may have an affiliated employee who is paid \$500 per week but his/her scale RBHR is \$350 per week. The “compensation” to be applied to the maximum limit is \$350 per week.

Based on our review of the collective bargaining agreements, this limit is unlikely to impact affiliated employees. This is because the limit applies to scale RBHR wage, not to actual W-2 wages. Thus, you should continue to contribute until such time, if any, that their scale RBHR wages (i.e., the amount you would have paid the employee had he/she been paid scale) reach the compensation limit for the year in question.

If a particular employee's IAP "**compensation**" reaches \$230,000 this year, you must cease making **percentage** contributions for the remainder of the Plan Year for this employee. However, you must **continue to make the regular 30.5¢ per hour contribution for this employee**. In addition, you should recommence percentage contributions for that employee on the beginning of the next Plan year.

You must continue to make IAP percentage contributions for those employees whose IAP "compensation" has not reached the compensation limit even if you have stopped for one or more employees whose IAP "**compensation**" has reached the limit.

In future years, this limit may be increased for certain costs of living adjustments in accordance with announcements from the Internal Revenue Service. You will be notified of any such changes.

If you have any questions, please contact Norma Corsbie at extension 643 or at employercontracts@mpiphp.org.

MOTION PICTURE INDUSTRY PENSION AND HEALTH PLANS
EMPLOYER CONTRACTS DEPARTMENT