

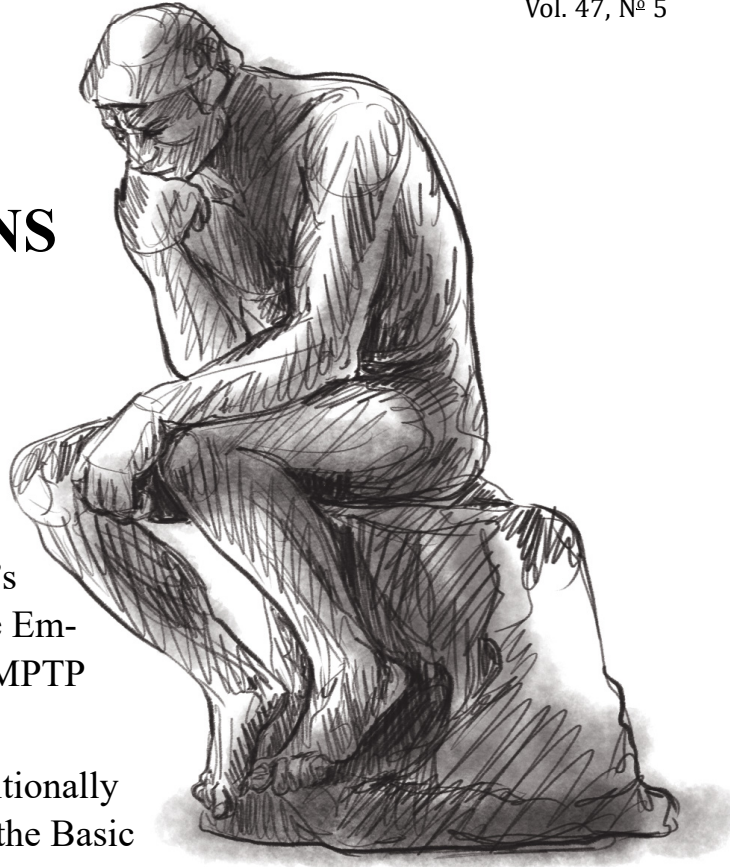


CONTRACT NEGOTIATIONS UPDATE

Hurry Up and Wait

As Pegboard readers may well already know, the Guild's contract negotiations with the Employers represented by the AMPTP have been postponed.

The Animation Guild traditionally meets with the AMPTP after the Basic Agreement is set, as that agreement contains the terms of our healthcare and pension plans, which we share with 42,000 other IATSE members in sister Guilds such as Locals 600, 700 and 800. Most of the other Hollywood Locals bargain together in good faith with the AMPTP, meeting months before the contract expiration date at the end of July, and in so doing they offer the Employers stability in scheduling, budgets and delivery and air dates. In return, the Unions expect the Employers to be prepared to offer a good deal to the members who do the work. Because the AMPTP was unprepared to have meaningful discussions about long term solutions within the allotted time, however, the groups were forced to schedule additional negotiation time in June. Our own negotiation dates – originally scheduled in May – have been tentatively pushed back to the end of July to allow the AMPTP and the IATSE more time to come to a consensus on the Basic Agreement. Nothing is set in stone and the schedule could change at any moment.



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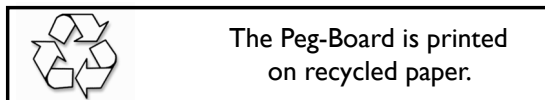
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The IATSE presented proposals concerning several key issues that affect all of us: preserving health and pension benefits (including a necessary long-term solution to Plan funding), increasing wage minimums, and addressing terms and conditions for New Media (streaming) productions. The AMPTP was not prepared to offer meaningful solutions to these concerns, so the two groups must make plans to come together again in June to make a deal that both sides can accept.

The IATSE's negotiations with AMPTP are on-going, and until they reach an agreement and the Animation Guild meets with the Employers, our Negotiations Committee will monitor the situation and continue to listen to our members and prepare our own proposals for improving benefits and working conditions for all. Please stay tuned in to keep on top of what's going on. Come to the General Membership Meeting on May 29th to learn more, and wear your TAG T-shirt on Union Pride Day!

— *Paula Spence, Editor*

All members should have received an e-mailed update on the negotiations delay. If you did not receive the message in early May, get in touch with our office (call 818-845-7500 or e-mail Office Manager, Lyn Manta, at lyn@animationguild.org) to provide current contact information. It is very important during this time for the Guild to be able to reach our members quickly to provide updates and survey their wishes in the event of time-sensitive negotiation issues.

The Guild's Contract Negotiations Committee, after a marathon meeting last month



FROM THE PRESIDENT KC JOHNSON



BE PREPARED

As you hopefully know, every time our contract nears expiration and we go into negotiations, there is a possibility that an acceptable deal will prove elusive. The last time that such a situation resulted in a membership vote to strike was decades ago in 1983, but such a move is always a possibility, even if it is not a probability.

This year is no different. The goal of any negotiation is to keep as much of the money on the table as possible, and the producers want to keep every last penny they can. The pattern of bargaining this cycle presents us with an AMPTP pushing the length of its negotiations closer to the deadlines in an effort to do just that. Whether or not this will require us to flex our leverage to counter, and how, has yet to be seen.

This is not a call to pull the fire alarm. The IA's talks are on-going in good faith, and we at the Animation Guild are preparing to do the same at our own negotiations, tentatively scheduled at the end of July. Our negotiation dates may change, depending on Basic Agreement bargaining, but for now our Negotiations Committee continues to ready our proposals.

However, as your President, I feel that I would be remiss if I did not say, "Hey, there is a fire alarm." We only want to use it as a last resort. But you, as a member, need to be prepared in case you and the rest the membership ever vote to use it.

What does the future hold? We won't know until we get there. In the meantime, continue to be visible, wear your TAG T-shirts, and ask questions. Our May General Membership Meeting is a great place to do just that, as IATSE VP Mike Miller will be in attendance. Hope to see you there!

In solidarity,
KC Johnson



Art by April Zhang

KINDRED SPIRITS

ANIMATION STANDS STRONG FOR CHILD REFUGEES

The world's experiencing the worst child refugee crisis since WWII.

KEPYR is the global kids entertainment industry standing together to help.

Learn more at

WWW.KEPYR.ORG

Online Fundraiser June 14-27, 2018

FROM THE BUSINESS REPRESENTATIVE JASON MACLEOD



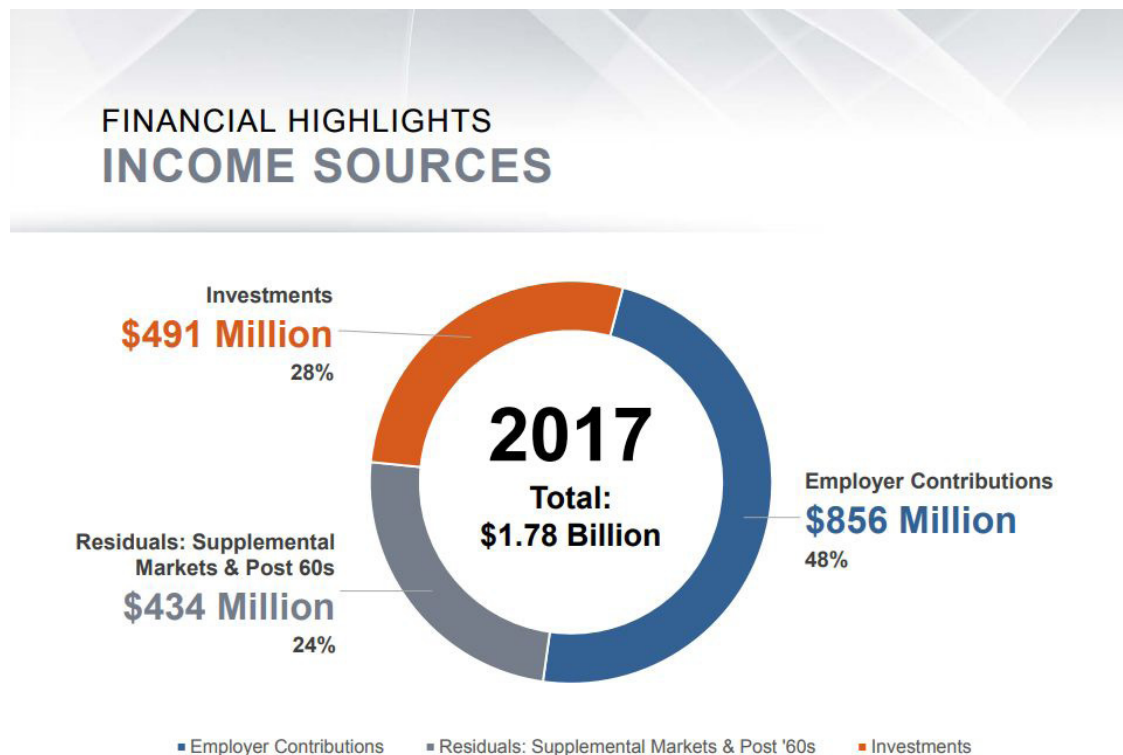
SUSTAINING OUR PENSION AND HEALTH PLANS

The Motion Picture Industry Pension and Health Plans offer vital benefits which members receive because of our collective bargaining agreements. Established in 1952, these jointly-managed plans provide economic security and peace of mind for thousands of entertainment industry workers, including the members of the Animation Guild. Preserving and maintaining the quality of these employer-paid benefits is a key concern – but to do so will require additional funding.

How Are the Plans Funded?

There are three main sources of funding: employer contributions based on hours worked under a union agreement, investment returns, and residual payments (Supplemental Markets and Post-60's). Here is what these sources provided in 2017.

MPI Pension and Health Plan Funding – All Sources, 2017



Source: MPI April 2018 Pre-retirement seminar presentation

Employer hourly contributions to the health plan are made in the following amounts.

2017 MPI Employer Contributions, per hour worked

Benefit Category	Contribution rate, per hour
Active Health	\$4.3500
Retiree Health	\$0.3710
Pension	\$1.8065
Contract Services (CSATTF)	\$0.0800 (for Local 839)
Individual Account Plan	6% of scale wages

Sources: MPI Report of contributions rate cover sheet, Animation Guild Master CBA

Notice that these contributions are for fixed dollar amounts - there is no automatic rise that is linked to inflation or wage increases. Any increases to these must be bargained with the Employers. Here is how these amounts have changed in recent years:

MPI Employer Contributions, per hour worked, over time

	Contribution Rate, per hour			
Benefit Category	2012	2015	2016	2017
Active Health	\$4.3500	\$4.3500	\$4.3500	\$4.3500
Retiree Health	\$0.3710	\$0.3710	\$0.3710	\$0.3710
Pension	\$1.2665	\$1.4465	\$1.6265	\$1.8065
Contract Services (CSATTF)	\$0.0400	\$0.0600	\$0.0600	\$0.0800
Individual Account Plan	6% of scale wages	6% of scale wages	6% of scale wages	6% of scale wages

Source: MPI Report of contributions rate cover sheets

A Healthy Health Plan in a Time of Rising Costs

In a climate where healthcare inflation has ranged around 8% on an annual basis, increasing employer contributions in each bargaining cycle is a desired part of securing continued benefits.

Health Care Cost Projected Trends

Category	Rate of Cost Increase
Medical Care	7% - 8%
Pharmaceuticals	9% - 10%
Dental	5%

Source: MPI Projections

Rising healthcare costs are a constant challenge – to control costs while minimizing the impact on those seeking care. The health plans have done the following:

- Added wellness programs to encourage participants to adopt healthy lifestyles and habits, with the intent of decreasing overall healthcare costs
- Negotiated terms for prescription medication, resulting in significant cost savings with minimal disruption to participants
- Added new cost-effective ways for participants to access care, including telemedicine

While the number of hours worked under union agreements has increased over time, this also means that more individuals qualify for benefits. More hours worked is better – but additional hours add both funding and costs to the plans. Increasing hours worked will not offset rising healthcare costs – employer contributions should increase in order to sustain the plan.

Securing the Future of the Pension Plans

The pension is a promise - to current retirees that they will continue to receive income that they depend on – and to current workers that they will have a secure retirement. In a time when many corporate employers are phasing out pensions altogether, retaining this crucial retirement benefit is a priority in this and every bargaining cycle.

Over the past three years, the pension plan's funding percentage has dropped from 80.8% down to 67.4%. A recent pension funding notice from MPI detailed this fact.

The Plan's Funded Percentage	2017	2016	2015
Valuation Date	January 1, 2017	January 1, 2016	January 1, 2015
Funded Percentage	67.4%	76.8%	80.8%
Value of Assets	\$3,823,441,000	\$3,739,463,000	\$3,687,909,000
Value of Liabilities	\$5,673,647,000	\$4,869,144,000	\$4,562,237,000

Source: MPI 2018 Pension Funding notice

What Happened?

In 2017, the following two things happened. Plan actuaries determined that the previously assumed and approved investment rate of return of 8.0% was too optimistic, and required the adoption of a new more conservative rate of return of 7.5%.

In addition, the 10% increase in pension benefits that was bargained for in the 2012 contract cycle was baked into the plan finances – with an amortization over the next 15 years beginning January 1, 2017. Like buying a house with a mortgage, this created a situation where early on in the term there is significant ground to make up. Combined, these are the main reasons for the significant jump in liabilities from 2016 to 2017, as shown in the previous table.

Actuarial projections show the pension returning to at least 80% funded by 2025, with a return to 100% by 2032. Of course, this is a forward looking statement, and significant assumptions are involved about the health of the industry remaining at or above current levels.

Because the pension is expected to return to a funded percentage of 80% or greater within the next ten years, the plan is not currently considered in “endangered” status. This is important because “endangered”

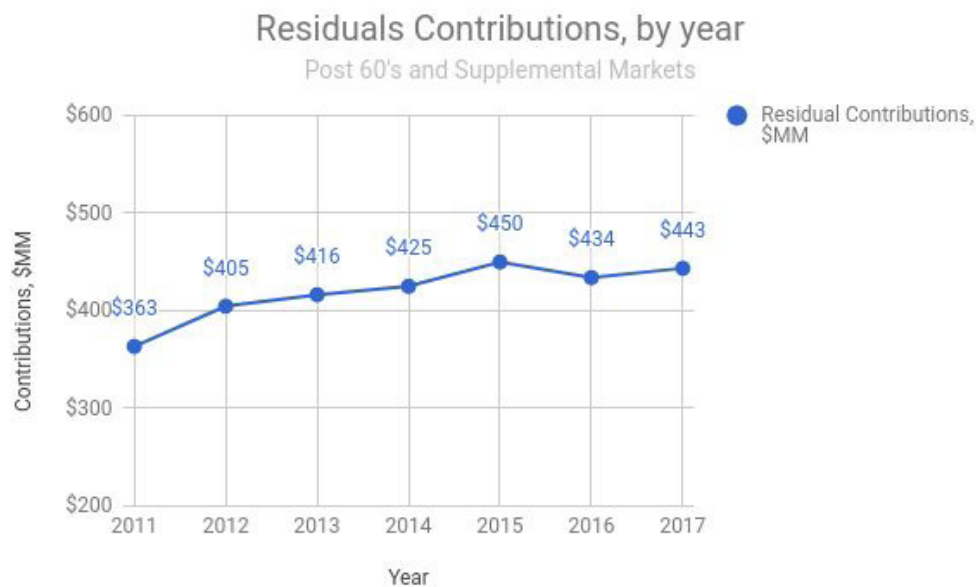
status can trigger certain actions, including government involvement and/or changes to benefits.

What Is the Way Forward?

Employers should share their profits and make additional contributions. Additional contributions were negotiated in 2015 – an additional \$0.18 was added per hour, each year – for an annual increase in pension funding of approximately \$16M the first year and close to \$100M over the duration of the current contract.

What You Need to Know About Residuals

Residuals provide nearly one quarter of the funding for the health and pension plans. Through articles XIX and XXVIII of the IATSE Basic Agreement, Employers must pay Post 60's and Supplemental Markets payments directly to the plans. In recent years, here is what those payments have amounted to.



Source: MPI reports

This is a key stream of revenue for the plans – and it needs to be monitored closely with the changing nature of distribution. Over time, as streaming becomes an even larger piece of the economics these contributions from traditional distribution channels may plateau or decline. In order to ensure the financial health of the pension and health plans for the future, additional residual models will need to be considered. Given the prosperity the Employers are experiencing, they should be open to discussion about long-term solutions that address plan funding – for today and for the future.

Yours in solidarity,

Jason

SAVE THE DATE

Visibility for Women of Animation, On and Off Screen

a presentation by
Geena Davis Institute for Gender in Media Studies
with Q&A to follow

**June 25th
at Hulett Hall**

Details to follow; watch your
e-mail for more information.



Each year, the Motion Picture Industry Health Plan holds an Open Enrollment period during which a participant can change his or her medical and/or dental plan election. If you are a COBRA Participant, you may add or remove dependents or switch between Core and Non-Core coverage during the Open Enrollment period.

2018 OPEN ENROLLMENT is July 1st through the 21st

Watch for more details in next month's Pegboard,
and in an upcoming mailer from MPI.

USE OUR COLLECTIVE VOICE TO FIGHT BACK IN D.C.

By Steve Kaplan

The IATSE has four membership-related departments in which the membership is represented: Tradeshow, Stagecraft, Broadcast, and Motion Picture and Television. The IATSE also has operational departments that support the membership: Communications, Education and Training, Legal and Political. The Political Department is housed in Washington D.C. and charged with interfacing with government officials on behalf of the membership as a whole. Among the many tasks the department has undertaken since its inception in January of 2016, the Political Department has engaged with congressional members on a state and federal level by engaging in membership awareness around federal, state and local elections, engaging electoral candidates to raise awareness of IATSE member concerns in their constituencies and lobbied for pro-labor legislation such as House Resolution 3636, the O-Visa Transparency Bill.

As of this writing, Donald Trump has been the 45th President of our country for a little over one year and one hundred days. In that time, his administration has attempted to undo many of the changes made by President Obama and other administrations who created rules and laws benefitting the majority of the population of our country. As individuals, we have some avenues available to us to enact change. As a union, we have them too, but we're made stronger if we work together.

Since the Trump presidency, the role of the Political Department has been focused on lobbying on behalf of our members, and the middle-class as a whole, in front of any member of the political spectrum that will listen. We face significant battles in the country today, and having a department dedicated to championing legislation and laws that benefits our industry, our membership and our way of life is crucial.

In today's world, the only way to be able to speak with members of congress, from the local all the way to the federal level, is essentially by buying their time. As ugly as it sounds, making donations and contributing to political funds supporting candidates is the way political figures



prioritize their time. The IATSE Political Department uses funds from the IATSE PAC for that purpose.

The IATSE PAC is a political action fund that can only receive money directly from members through donations. Union funds cannot be used to pay into the PAC. Since forming the Political Department, the International President has made it a goal of increasing the number of regular contributors to the IATSE PAC to strengthen our ability to further our goals by reaching the correct political people.

At the last General Executive Board Meeting in Los Angeles, Craig Carlson, the International Vice President and Business Agent of IATSE Local 2 in Chicago reported that by raising awareness of the importance of political action through the voice of the union, he was able to get 100% of the local's active members to make regular monthly contributions to the IATSE PAC. This MUST be our goal as well!

Sergeant at Arms Robert St. Pierre and I have asked President Johnson to form the TAG Political Action Group to raise awareness of the attack on the middle-class and on the institution of organized labor, and our shared goal of seeing Animation Guild members support the IATSE's goal of fighting back. Currently, our local has FIVE regular monthly contributors. Five out of just about four thousand members.

Raising our percentage should be easy. If you are ready to join me and the other four as a regular contributor, you can find the contribution form at <https://tinyurl.com/ia-pac-form> or at the Guild office. Fill it out and return it to the address on the form. Give up one latte a month and donate the \$5 to the IATSE PAC!

 **Yes, I'll Join The Stand Up, Fight Back Campaign!** 

I'm donating to the IATSE Political Action Committee
I'm supporting the International Alliance of Theatrical Stage Employees Political Action Committee ("IATSE-PAC") in one or more of the following ways:

A. HERE'S A CONTRIBUTION IN CASH OR CHECK IN THE AMOUNT OF \$ _____ (check required to donate more than \$100; please do not send cash in the mail). I will complete the information form below.

B. I WANT TO DONATE VIA CREDIT CARD: I hereby authorize IATSE-PAC to initiate a deduction from my credit card in the amount(s) below. This authorization is to remain in full force until the IATSE-PAC has received written notification from me of its termination in such time and in such manner as to afford a reasonable opportunity to act on it.

Check one: ☐ President's Club (\$40.00/month) ☐ Leader's Club (\$20.00/month) ☐ Activist's Club (\$10.00/month)

☐ Or authorize a monthly contribution of \$ _____ (\$10.00 minimum)

Choose one: ☐ VISA ☐ American Express ☐ Mastercard ☐ Discover

INFORMATION NEEDED ON ALL CONTRIBUTORS:

Card #: _____

Employee Signature _____ Expiration Date (MM/YY): ____/____ Card Security Code: _____

Print Name _____ Date _____ Last 4 Digits of SSN _____ Local Number _____

Home Address _____ Email _____ Phone Number _____

Billing Address _____ City _____ State _____ Zip Code _____

Occupation/Employer _____ City _____ State _____ Zip Code _____

This Authorization is voluntarily made based on my specific understanding that:

- The signing of this authorization card and the making of contributions to the IATSE-PAC are not conditions of membership in the union nor of employment with any employer and that I may refuse to do so without fear of reprisal.
- I am making a contribution to fund-raising efforts sponsored by the IATSE-PAC and that the IATSE-PAC will use my contributions for political purposes, including but not limited to, the making of contributions to or expenditures on behalf of candidates for federal office, and addressing political issues of public importance.
- Federal law requires the IATSE-PAC to use its best efforts to collect and report the name, mailing address, occupation and the name of employer of individuals whose contributions exceed \$200 in a calendar year.
- Contributions or gifts to the IATSE-PAC are not deductible as charitable contributions for federal income tax purposes.
- Any contribution guideline is merely a suggestion and I may contribute more, less or nothing at all without favor or disadvantage from IATSE.
- The IATSE-PAC is unable to accept monies from corporations or Canadian members of the IATSE.

RETURN GREEN COPY TO: IATSE-PAC, c/o PAC Services, 150 Post Office Road, #2308, Waldorf, MD 20604 and WHITE COPY for your records.

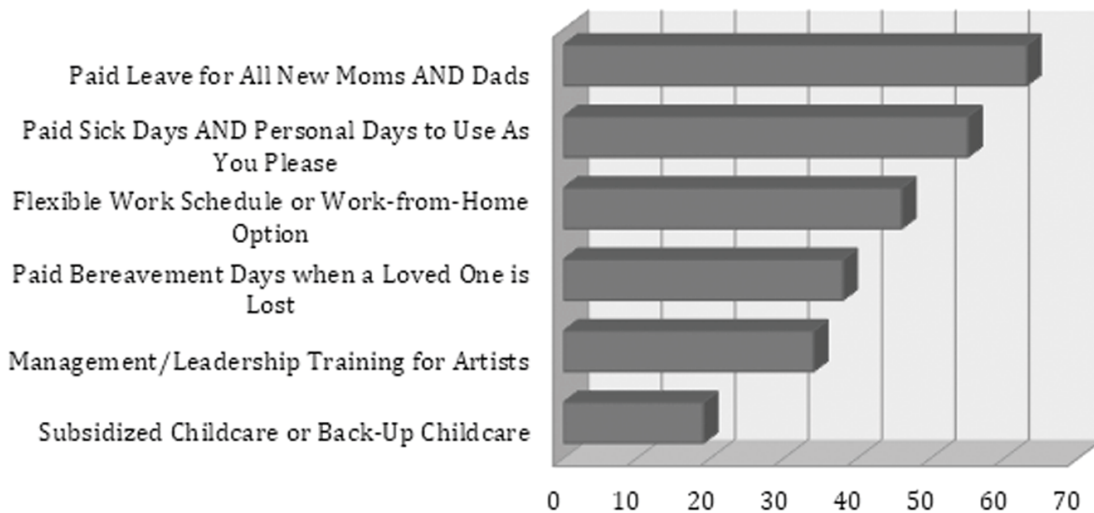
Time to Thrive

By Kristin Donner & Kyle Neswald
Negotiation Committee
Family Leave Subcommittee

It's time we add benefits to our contract. What benefits would help us thrive? We compiled a list of the best benefits, then asked Guild members on Facebook to choose those most important to them. Here's how the top votes stacked up:



What BENEFITS would help us THRIVE?



■ Poll conducted via Facebook - TAG Local 839 Closed Group
Poll size: 106 - Poll date: 02/2018

Join the closed Facebook group for Animation Guild members?



The closed Facebook group is
for TAG Local 839 members only.
Facebook members just need to look up:

The Animation Guild Local 839

Click "Join Group" and wait for an administrator to
confirm Guild membership and add you to the group.



Uninstructed Life Drawing

2nd and 4th Fridays!

7 - 10 pm

Life Drawing Room in Back
@The Animation Guild

18 and older

\$15 General Admission

\$10 TAG Members

Cash Only

* drawing by Lisa Dosson

Brought to you with **Model Drawing Collective**

MAY 25TH . JUNE 8TH . JUNE 22ND

TAG YOUNG WORKERS COMMITTEE INVITES GUILD MEMBERS TO





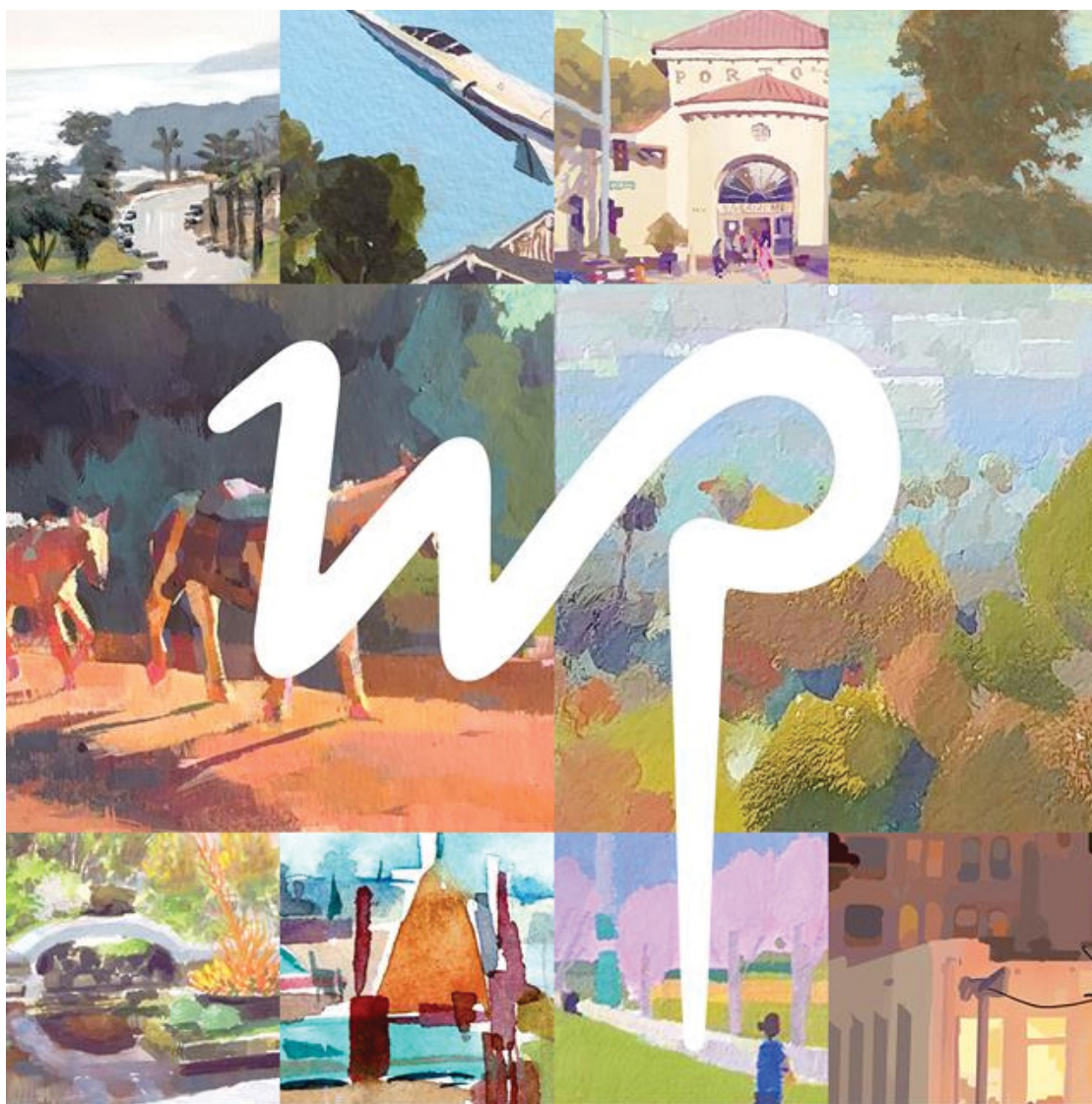
SPRING MIXER

AT STORY TAVERN



**JOIN US
AT THE
NEXT EVENT!**





Warrior Painters Presents

NO PLEIN NO GAIN

Plein-air Painting Exhibit

Gallery 839 at The Animation Guild
1105 N Hollywood Way, Burbank, CA 91505

Opening Reception: June 1, 2018
6:30 - 10 pm

On Display June 2018

UPCOMING EVENTS AT THE ANIMATION GUILD

May 25th – Uninstructed Life Drawing 7-10pm

May 28th – Contract Holiday: Memorial Day

May 29th – General Membership Meeting
(Pizza at 6:30, meeting starts at 7pm)

June 1st – Gallery 839 New Show Opening 6-9pm

June 4th – Union Pride Day (Wear your TAG T-shirt to work)

June 8th – Uninstructed Life Drawing 7-10pm

June 8th - 10th – 2018 IATSE District 2 Convention
Las Vegas, Nevada

June 20th – Wash Night: Laundry & Gaming
Hosted by TAG Young Workers Committee

June 22nd – Uninstructed Life Drawing 7-10pm

June 25th – “Visibility for Women of Animation, On and Off Screen”
A presentation by Geena Davis Institute for Gender in
Media Studies, with Q&A to follow



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