

Spotlight on BENEFITS

The DGA-Producer Pension and Health Plans' Benefits Newsletter

Volume 15, Number 1

Spring 2007

spotlight on *BlueCard*®

Introducing the New BlueCard Provider Network

Effective July 1, 2007 all Health Plan participants will be covered under a single network

On July 1, 2007, the medical and hospital network for Health Plan participants that reside outside of California will switch from Private Healthcare Systems (PHCS) to the Blue Cross *BlueCard*® network, a nationwide network of all local Blue Cross plans, including Blue Cross of California. This switch will create one nationwide network for all Health Plan participants.

As part of the transition to *BlueCard*®, the Health Plan will be issuing new coverage cards to all Health Plan participants. The new coverage cards will be mailed to all participants in mid-June.

By switching to *BlueCard*®, the Health Plan will be able to offer a larger, more diverse network to all participants. In addition to providing more choices to those that live in an area covered by the Health Plan's current network, *BlueCard*® will offer the choice of network providers to some participants that live in an area that was not previously covered by the PHCS net-

work. While no medical network covers all providers in every city

If you are a participant that resides outside of California, it is likely that

your current PHCS network doctor is also a member of the *BlueCard*® network (for more information on locating a *BlueCard*® provider or to determine if your current doctor is in the *BlueCard*® network, please refer to the **Finding a *BlueCard*® Provider** infobox on page 2).

HOW WILL THE NEW NETWORK AFFECT ME?

IF YOU LIVE IN CALIFORNIA

Your network for medical and hospital providers in California has not changed. You will continue to be covered under the Blue Cross of California network. However, when you travel outside of California, you will now be covered under the *BlueCard*® network.

IF YOU LIVE OUTSIDE CALIFORNIA

Effective July 1, your network for medical and hospital providers will switch from PHCS to *BlueCard*®, Blue Cross' nationwide network of local Blue Cross plans. When you travel to California, you will be covered under Blue Cross of California.

and town, the switch to *BlueCard*® will give the option of network doctors and hospitals to more participants than ever before.

The *BlueCard*® network also gives the Health Plan and its participants a new level of purchasing power. *BlueCard*®'s competitive network contracts will help Health Plan participants and the Health Plan save money. This helps the Health Plan combat rising healthcare costs and assists the Board of Trustees in their efforts to preserve future Health Plan benefits.

Transition Rules

To assist participants that may be affected by this change, the Health

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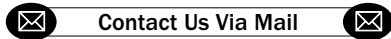
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Spotlight on Benefits is published four times a year for the benefit of participants in the DGA-Producer Health Plan and/or the DGA-Producer Pension Plans.



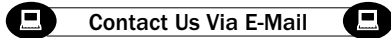
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Introducing BlueCard

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Plan has set up a series of transition rules. If you or one of your dependents is receiving a current course of treatment from a PHCS doctor not in the *BlueCard*[®] network, the treatment may be covered under network terms until the immediate and necessary course of treatment ends. If your doctor is not in the *BlueCard*[®] network, we encourage you to contact the Plan as soon as possible to determine if you are eligible under these transition rules.

Please remember that, unless you are eligible under the Plan's transition rules, any services rendered by a non-*BlueCard*[®] provider after June 30 will be covered at the lower non-network rate, even if the provider was previously in the PHCS network.

If you have any questions regarding the new network, please refer to the *BlueCard*[®] Q & A on page 3, visit www.dgaplans.org or contact the Plan at **(323) 866-2200** or toll-free outside the Los Angeles area at **(877) 866-2200**.

Finding a *BlueCard*[®] Provider

To find *BlueCard*[®] providers in your area, or to determine if your current doctor is in the *BlueCard*[®] network:

Via the Web

- Go to www.dgaplans.org and click on the *BlueCard*[®] link on the front page
- Enter your **Zip Code** or your **City and State** (you can also enter a street address for greater accuracy or a provider name to search for a specific provider)
- Choose a **Search Radius** (look for providers within **5 miles, 10 miles, 25 miles, 50 miles** or **75 miles**) and click **Continue**
- If you did not specify a provider, you will now be asked to choose a specialty (*i.e.* general practitioner, cardiology, etc.). Click on the **specialty** of the doctor for which you are searching (you may choose more than one specialty) and click **Continue**
- Your results will now appear on the screen. You can display as few as 10 doctors per page, or as many as 50.

Via Telephone

- Call Blue Cross at **(800) 810-BLUE** (800-810-2583)
- Call the Health Plan office at **(323) 866-2200, Ext. 401** or toll-free outside the Los Angeles area at **(877) 866-2200, Ext. 401**, and one of our Participant Services representatives will be happy to assist you in finding a *BlueCard*[®] provider

Moving?

Remember that the Plans and the DGA are separate entities. Address changes filed with the DGA are not automatically filed with the Pension and Health Plans.



You can contact our Address Change Department at:

(323) 866-2200, Ext. 306
(877) 866-2200, Ext. 306

Address Change forms are available online at www.dgaplans.org.

Will this change in networks result in changes to my benefits or coverage?

No.

Will this change affect my prescription drug, dental and vision coverage?

No. Medco (prescription drugs), Delta Dental (dental benefits) and Vision Service Plans (vision benefits) will continue as the benefit managers of the Health Plan's prescription drug, dental and vision benefits, respectively.

How can I find a list of BlueCard® providers in my area? How can I determine if my current provider is in the BlueCard® network?

You can locate a BlueCard® provider through the Health Plan's website. Refer to the infobox on page 2 for detailed instructions on locating BlueCard® providers. In addition, you can call your provider's office and ask if they participate in the BlueCard® network.

My current provider is not in the BlueCard® network. What should I do?

The Health Plan has set up transition rules for participants and dependents undergoing a current or immediate course of treatment with a PHCS provider that is not in the BlueCard® network. If you or one of your dependents is undergo-

ing a current course of treatment and your PHCS provider is not in the BlueCard® network, it is very important that you contact the Health Plan office at (323) 866-2200, Ext. 401 or (877) 866-2200, Ext. 401 as soon as possible to determine if you qualify under these transition rules.

Unless you are eligible under the Plan's transition rules, any services

provided through June 30. If you are undergoing a current course of treatment with a PHCS provider who is not in the BlueCard® network, please see the previous question.

Why is the Health Plan issuing new ID cards to all participants?

Since the change in networks allows all Health Plan participants to obtain services from a BlueCard® provider (including California participants that travel outside California), new cards are being issued to all Health Plan participants.

Also, the new ID cards have a Health Plan-specific Participant ID Number that will assist in standardizing claims processing. Your new Participant ID Number will be your new identification number for Health Plan purposes, so you will no longer have to print your Social

Security number on your ID card, which will give you an additional layer of security against potential identity theft.

Can I use BlueCard® providers for chemical dependency and mental health benefits?

PacifiCare remains the Plan's benefit manager for chemical dependency and mental health benefits. Therefore, there is a separate network for those types of benefits. For more information, you can contact PacifiCare at (888) 502-4502.

rendered by a non-BlueCard® provider after June 30 will be covered at the lower non-network rate, even if the provider was previously in the PHCS network.

If your provider is interested in joining BlueCard®, he or she can contact Blue Cross at (800) 810-2583.

What if I need to see a doctor prior to July 1?

The July 1 effective date applies to services rendered by a provider after June 30. Therefore, you can continue to use PHCS network

BlueCard

Questions & Answers

Getting to Know Your Pension Benefits

What's up (or down) with your Basic Plan Lump Sum Benefit...and other useful information

Participants in the DGA-Producer Pension Plans have the advantage of both a Defined Benefit plan (the Basic Pension Plan) and a Defined Contribution plan (the Supplemental Pension Plan). In this issue, we will address some of the basic features of the DGA-PPHP's pension plans as well as some of the misconceptions associated with them.

Please note: The contribution percentages, rules and benefits described in this article are only a general summary of Pension Plan rules. This summary cannot possibly describe the details of the Pension Plan rules, which are sometimes very complex. A detailed description of benefits can be found in the Pension Plans Booklet and updates available on the Plans' website: www.dgaplans.org, or by contacting the Plans' office.

A little background

Participants in Defined Benefit (DB) plans earn a specific benefit usually based on their total years of service and their level of compensation. Thus, with a DB plan, the participant receives a pre-set benefit regardless of the amount of contributions made to the plan and regardless of how the plan's investment assets perform.

A Defined Contribution (DC) plan, like a 401(k) plan, provides a benefit to the plan participant based on the amount in the participant's individual account. However the

Supplemental Plan, unlike most 401(k)'s, requires that participants are automatically enrolled and requires employer contributions. Also, while the individual makes the investment decisions regarding his or



her 401(k) account, the monies in the Supplemental Plan account are professionally managed by the plan itself and the participant's account is credited with a pro rata portion of the investment returns received by the plan. Unlike a DB Plan – where the amount of pension benefits is established and guaranteed in advance – under a DC Plan, the benefit amount is not guaranteed and determined by the amount of contributions and investment returns credited to the participant's account.

The DGA-PPHP Basic Plan

When you work in a DGA capacity for a DGA-signatory employer, your employer makes a pension contribution equal to 5.5% of your gross salary up to certain compensation caps set under the collective bargaining agreement and established by federal law. Sixty percent of this

employer pension contribution up to certain caps (or 3.3% of your gross salary) goes to the Basic Pension Plan. In addition to these contributions that are based on salaries, signatory producers make additional contributions to the Basic Plan based on a percentage of the gross sales of theatrical projects to free television, pay television and cassettes/DVDs. These types of contributions are known as “gross receipts contributions.”

Since the Basic Plan is a Defined Benefit Plan, there are no individual accounts in the Basic Plan and your pension benefit from the Basic Plan is not directly determined by the amount of contributions that are contributed on your behalf or on the returns of the Basic Plan's investments. Instead, your pension benefit will be determined by a formula based on your Credited Service Months (“CSMs”), your DGA-covered earnings over your career, your age at the time of retirement and the type of Basic Plan benefit that you choose.

Currently, you earn one CSM for every \$2,700 in earnings during a calendar year. Generally, you must earn 120 CSMs (this is called ten-year vesting) in order to become eligible for a Basic Plan Benefit. You may become eligible to receive a benefit from the Basic Plan with as little as 60 CSMs (five-year vesting). However, some retirement options (e.g. the lump sum option, the dis

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Know Your Pension Benefits

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ability pension and pre-retirement death benefits for non-spousal beneficiaries) are not available to participants that are five-year vested.

At retirement, vested participants can elect a benefit from the Plan. The benefit options include:

- ❖ **The Single Life Annuity** (monthly payments are made to the participant for the rest of his or her life);
- ❖ **The Husband and Wife Pension** (monthly payments are made to the participant and spouse for the rest of their lives); or
- ❖ **The Lump Sum** (a one-time lump sum payment is made to the participant from the Basic Plan).

As previously noted, all of these benefits are determined based on the CSMs you have earned, your age at retirement, the Plan benefit you choose and, in the case of the Immediate Lump Sum, actuarial calculations. None of these benefits is based on the investment returns of the Plan or the amount of contributions received by the Plan from employers.

The Lump Sum Option

The amount of the Lump Sum benefit is directly based on the actuarial value of the annuity payments that would otherwise be made to you. This actuarial value varies depending not only on the value of the annuity that you have earned, but also on the

current interest rate assumptions that the actuary must utilize in calculating your Lump Sum. The Lump Sum option is only available with regard to benefits accrued before January 1, 2003.

One of the common misconceptions relating to the Lump Sum option is that a participant's Lump Sum amount grows every year based on the Basic Plan's investment returns. That is not the case.

It may be helpful to look at the Lump Sum payment as the opposite of an annuity. When you purchase an immediate annuity, you make an initial lump sum payment to the annuity provider and then receive a series of periodic payments from the annuity provider over a period of time (usually a lifetime). Since the annuity provider can expect a certain investment return on the lump sum that you paid, you can expect to receive payments that will equal more than your initial lump sum.

When you elect the Lump Sum option from the Basic Plan, you are, in essence, taking the role of the annuity provider in the above example. You receive a lump sum payment from the Basic Plan that, based on current interest rates, should allow you to invest the money and make a monthly withdrawal equal to what would have been your monthly Basic Plan benefit. Since it is assumed that you will receive a certain interest rate by investing your lump sum, the lump sum payment is less than what would have been the total of your monthly Basic Plan payments. It is assumed that you will withdraw a portion of your principal (i.e. the lump sum paid to you by the

Plan) each month in addition to the interest earned and it is also assumed that you will continue to earn a reasonable return (measured by a rate mandated by the federal government) on the amount that still remains in your account. In other words, the amount of the lump sum is the present dollar value of the amount that would have been paid by the Plans over the course of your lifetime.

As discussed, there are only three factors that can affect the amount of your Lump Sum option:

- ❖ **An adjustment to your pre-2002 contributions and work history.** An adjustment could be made to your past contribution history if it is discovered that an error was made in reporting the contributions. Generally, this occurs as the result of an audit.
- ❖ **Your age.** Our actuaries utilize mortality tables commonly used by other DB plans to estimate how many years a participant will receive their pension benefits under the various benefit options. Once you reach retirement age, every year that you delay your retirement benefit lessens the total number of payments you would have received.
- ❖ **Interest rates.** When interest rates go up, your lump sum will decrease, since it is assumed that you will receive a higher rate of return on your invested lump sum.

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Know Your Pension Benefits

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Conversely, when interest rates go down, your lump sum increases.

It is important to note these factors. When you compare your recent annual statements, it is most likely that the changes to the Basic Plan lump sum amounts are solely a reflection of your age and the change in interest rates. In fact, if you are under retirement age, it is likely that fluctuating interest rates are the only thing affecting the amount of your calculated lump sum. The Plans' investment returns do not affect the amount of your lump sum.

The DGA-PPHP Supplemental Plan

As previously mentioned, when you work in a DGA capacity for a signatory employer, your employer makes a pension contribution of 5.5% of your salary up to certain caps. Up to sixty percent of that contribution goes to the Basic Pension Plan. At least forty percent (or 2.2%) goes to your individual Supplemental Pension Plan

account. In addition to these employer contributions that are made to the Supplemental Plan, your employer will deduct 2.5% of your gross salary up to certain caps from your paycheck. This entire employee pension contribution goes directly to your Supplemental Plan account.

Each quarter, the employee and employer contributions remitted on your behalf are added to your Supplemental Pension Plan account. In addition, every participant's Supplemental Plan account is combined and invested by the Plan's investment managers and a prorated portion of the Supplemental Plan's investment returns is also credited to each participant's account. Thus, for example, if the net quarterly investment return of the Supplemental Plan's assets is 2%, your account will be credited with a 2% investment return.

At retirement, you have several payment options from the Supplemental Plan. They are similar to the options available through the Basic Plan (*i.e.* the Single Life Annuity, the Husband

and Wife Pension and the Lump Sum option). The main difference is that the amount of your benefit is directly related to the balance in your Supplemental Plan account at the time of your retirement. If you elect the Lump Sum option, you will simply receive the balance in your Supplemental Plan account. If you elect the Single Life Annuity option, your monthly payment will be determined by the balance in your Supplemental Plan account and your age, as an annuity is purchased on your behalf from MetLife.

Currently, it is estimated that only 11% of workers in this country receive benefits from both a defined benefit and a defined contribution pension plan. DGA-Producer Pension Plan participants are fortunate to receive the unique benefits offered by both types of plans.

If you have any questions regarding Pension Plan benefits, please contact the Pension Department at **(323) 866-2200, Ext. 404** or toll-free outside the Los Angeles area at **(877) 866-2200, Ext. 404**.