



Spotlight

ON BENEFITS

SUMMER 2017

Board of Trustees Takes Steps to Further Improve Financial Strength of the Basic Plan

While the Basic Plan continues to be well funded and has the highest funded percentage in the industry, with a 92.7% funded status as of January 1, 2017, the Board of Trustees of the Directors Guild of America – Producer Pension & Health Plans approved two important changes intended to further improve the Basic Plan's financial status.

The following special section of the Spotlight on Benefits newsletter highlights these two upcoming changes to the Basic Plan:

- ▶ **Board of Trustees Lowers Basic Plan's Target Rate of Return on Investments to 7.15% Effective January 1, 2018** See next page for details on the Board's decision to adjust one of the factors used in determining the Basic Plan's long-term viability.
- ▶ **Employer Pension Contributions Increased from 5.5% to 6% of Compensation, with the Additional 0.5% Allocated to the Basic Plan Effective July 1, 2017** See page 3 for allocation of additional funds resulting from the recent contract negotiations between the DGA and AMPTP.

For full details of these changes, continue reading the articles beginning on the next page.

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ABOUT THE PLANS

The Pension and Health Plans were created as a result of the Directors Guild of America's collective bargaining agreements with producer associations representing the motion picture, television and commercial production industries.

The DGA-Producer Pension and Health Plans are separate entities from the Directors Guild of America and are administered by a Board of Trustees made up of DGA representatives and Producers' representatives.

COMMUNICATIONS STAFF

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Communications Editor

Spotlight on Benefits is published up to four times a year for participants in the DGA-Producer Pension and Health Plans.

Board of Trustees Lowers Basic Plan's Target Rate of Return on Investments to 7.15% Effective January 1, 2018

A pension plan's investment return assumption, known as the target rate of return, is an important factor in determining a pension plan's ability to pay its promised benefits. The target rate of return is used to project a pension plan's funded status, and assumes the pension plan will earn that same rate of return into the future. An assumption rate that is too high, meaning difficult to achieve, can understate a plan's future liabilities and over time, can result in a revenue shortfall. The higher the assumption, the higher the risk!

This is why the Board of Trustees has voted to lower its long-range investment return assumption for the Basic Plan by an additional 10 basis points from 7.25% to 7.15% effective January 1, 2018. This is the second time in recent years that the Basic Plan's target rate of return has been lowered.

2011: FROM 7.5% TO 7.25%

Prior to 2011, the Basic Plan's target rate of return was 7.5%. At that time, a 7.5% target rate of return was in the mid-low level range for this assumption as compared to other multi-employer pension plans. In 2010, the consensus of our investment consultant (and a growing point of view of investment consultants, in general) and our investment managers was that it would be difficult to generate a 7.5% return in the coming years. Accordingly, the Finance Committee of the Board of Trustees considered reducing the target rate of return to 7.25%, or even 7%.

Effective January 1, 2011, the Basic Plan's target rate of return was reduced to 7.25%. Although the 7% target was considered, the Finance Committee determined the increase in the liabilities would have been too great, but resolved to continue assessing whether further reductions might be prudent. Since then, the Committee has continued to monitor the Basic Plan's ability to meet the 7.25% target and to evaluate possible reductions.

2018: FROM 7.25% TO 7.15%

At the last meeting, the 2016 investment results – essentially meeting the 7.25% target rate of return – allowed the Finance Committee to believe the target rate of

Basic Plan's Target Rate of Return

return could be reduced another 10 basis points. Accordingly, the Finance Committee recommended and the Board of Trustees approved the reduction of the target rate of return to 7.15% effective January 1, 2018.

Over the last decade, the few pension plans with the ability to do so have reduced their investment return assumptions, including public sector and a handful of multi-employer plans. The Basic Plan has maintained Green Zone (healthy) status for the past ten years, since passage of the Pension Protection Act of 2006.

Combined with the additional 0.5% contribution from employers, which was allocated to the Basic Plan beginning this July (see below), the Board of Trustees' actions improve the Basic Plan's ability to pay the promised benefits. **PH**

Employer Pension Contributions Increased from 5.5% to 6% of Compensation, with the Additional 0.5% Allocated to the Basic Plan Effective July 1, 2017

As a result of recent negotiations, the Directors Guild of America, the Alliance of Motion Picture and Television Producers and the Networks (ABC, CBS and NBC) successfully negotiated a 0.5% increase in pension contributions for signatories covered under the Basic, FLTTA and the Networks' Collective Bargaining Agreements effective July 1, 2017. This is the first increase in the employer pension contribution rate since 1978 and brings the Pension Plans' contribution rate to 6% of compensation.

This new 0.5% contribution increase will be allocated to the Basic Plan. These increased Employer contributions represent an important component to the funding of the Basic Plan.

Accordingly, the allocation of the new 6% employer pension contribution rate between the Basic and Supplemental Plans will change to the following, effective July 1, 2017:

- ▶ 3.8% of the first \$150,000 in compensation to the Basic Plan (previously 3.3%)
- ▶ 2.2% of the first \$150,000 in compensation to the Supplemental Plan (no change)
- ▶ 6.0% of compensation in excess of \$150,000 to the Supplemental Plan (previously 5.5%)

For more information on these changes, refer to the March 2015 Pension Plans Summary Plan Description and its updates available at www.dgaplans.org/forms/pension. **PH**

Is that lab a network provider?

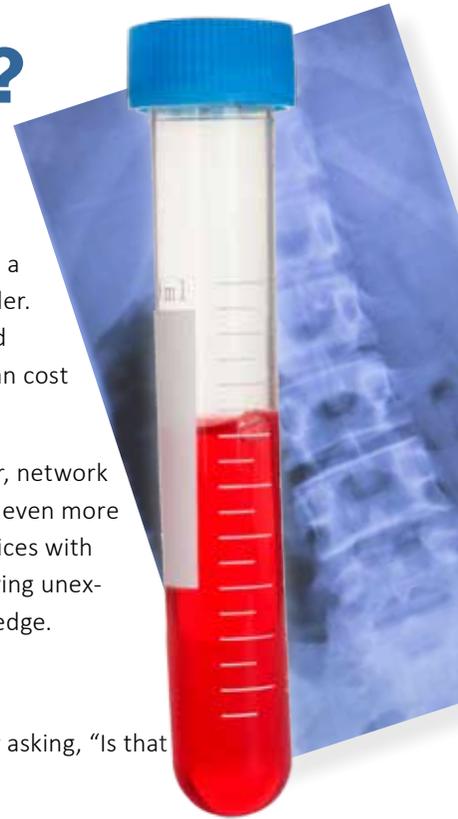
You should be asking.

Most times you visit your doctor, you can safely assume there will be tests—a blood test, a culture, a panel, an X-ray, or any number of the diagnostic tests providers routinely order. Although you may be aware whether or not your provider is in the network, you should never assume that the lab or testing facility he or she chooses is part of your network. Doing so can cost you in unexpected out-of-pocket charges.

Network providers agree to charge negotiated, reduced rates to Health Plan participants; however, network doctors are not required to use network testing facilities. If your doctor is not in the network, it is even more likely that a non-network lab or facility will be used. It is common for providers to use labs or services with which they are familiar or that are more convenient for them. Unless you ask, you may end up paying unexpected out-of-pocket costs if your provider uses a non-network lab or facility without your knowledge.

The best way to find out is to ask.

The next time your provider says, “I’m going to send you for some tests.” Be sure you follow up by asking, “Is that lab part of the network?” You will be happy that you did. **PH**



Express Scripts’ Mid-year Changes to List of Covered Medications Take Effect July 1

Express Scripts periodically reviews its list of covered medications, called the National Preferred Formulary, and may exclude medications when clinically equivalent alternatives are available and offer significant cost savings. Changes to the formulary affect which medications will be covered by the Health Plan and how much you pay out of pocket for prescriptions.

Effective July 1, Express Scripts, the Health Plan’s prescription drug benefit manager, revises its list of covered medications to exclude Butrans, a narcotic analgesic, and Sumavel Dose Pro, an anti-migraine therapy. If you are currently taking one of these medications, Express Scripts should have already notified you via mail with information on alternatives.

The complete 2017 list of excluded medications along with preferred alternatives is available at https://www.express-scripts.com/art/pdf/Preferred_Drug_List_Exclusions2017.pdf.

For information on whether this change will affect your current prescriptions, log on to your Express Scripts account at [express-scripts.com/covered](https://www.express-scripts.com/covered). If you have any questions, please call Express Scripts at (800) 987-7828. **PH**

Join us for our Annual Health Fairs and Flu Shot Clinics

October 7 - Los Angeles

October 21 - New York City

New prizes! New presentations! (...and few surprises.)

Mark your calendar. More information coming soon.

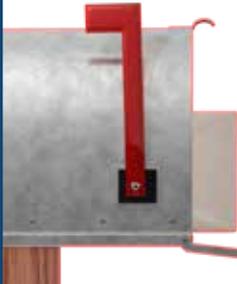
SAVE!
the **DATE!**

Pay-By-Phone Service for Health Plan Premiums Debuts July 1

Beginning July 1, you can pay your Health Plan premiums over the phone at no additional cost. Read below for more information on how to make your premium payments by phone with the E-Bill Express Pay-By-Phone Service from Wells Fargo. With their new interactive voice response system, it's never been easier to make a payment. **PH**

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| <p>WHERE TO CALL:</p> | <ul style="list-style-type: none"> ▶ 1-877-866-2200 ▶ Option #2 ▶ Option#6 ▶ Follow the prompts |
| <p>WHAT YOU'LL NEED:</p> | <ul style="list-style-type: none"> ▶ Your Participant ID number (found on your Health Plan ID card) ▶ Last four digits of your social security number (If you do not have a social security number, you will be unable to use the pay-by-phone service.) ▶ Your payment method (If you have not enrolled in E-Bill Express online and plan to pay with a checking or savings account, you will need your bank routing and account number.) |
| <p>WHICH PAYMENT METHODS ARE ACCEPTED:</p> | <ul style="list-style-type: none"> ▶ Checking account ▶ Savings account ▶ Debit Card ▶ Credit Card (Visa, MasterCard, American Express) |

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HAVE NEW CONTACT INFORMATION? TELL US.

Keep your information with the Plans up to date so you don't miss out on important benefits and communications. Whenever your contact information changes, be sure to complete a Change of Address Form available at www.dgaplans.org and return it to our Address Change Department by email at addresschange@dgaplans.org or fax at (323) 866-2389. You can also call us at (877) 866-2200, ext. 407. **PH**

The Directors Guild of America - Producer Health Plan does not discriminate on the basis of race, color, national origin, sex, age, or disability.

ATENCIÓN: si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al 1-877-866-2200.

注意：如果您使用繁體中文，您可以免費獲得語言援助服務。請致電 1-877-866-2200。

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Explore Supplemental Plan Rollovers

As a DGA member, you have the exclusive ability to transfer funds from a qualified retirement account (including a lump sum from the Basic Plan, IRA or a 401k) to your Supplemental Plan account. This provides you with several advantages:

- ▶ **Diversity.** The Supplemental Plan's portfolio includes a wide-ranging mix of investments, including domestic and international stocks, bonds and real estate. In addition, the Supplemental Plan also features an allocation to alternative investment vehicles that are not typically available to individual investors.
- ▶ **Low Cost.** The Plan does not charge any commissions or loads. If you roll over money into the Supplemental Plan, you will not be charged any fees beyond the costs of administering the fund, which includes fees paid to our investment managers.
- ▶ **Stability.** The Supplemental Plan is overseen by the Finance Committee of the Pension Plan's Board of Trustees, in consultation with our independent pension investment consultant, actuary and an

experienced team of investment professionals. Over the years, the Finance Committee, which works solely for the benefit of Plan participants, has developed a long-term investment strategy that seeks to maximize returns and reduce risk through a well-diversified portfolio managed by a team of experienced investment managers.

- ▶ **Flexibility.** The Supplemental Plan's flexible benefit options make it easy to design a retirement strategy specific to your income needs. When you qualify for retirement, funds can be withdrawn using one of several flexible payment options, including ad hoc or fixed monthly, quarterly and semi-annual payments.
- ▶ **Convenience.** Rollovers into the Supplemental Plan give you fewer retirement accounts to track and manage.

For more information, please contact the Pension Department at (877) 866-2200, ext. 404 or visit us online at dgaplans.org/rollovers. **PH**