Darrin: Alright well thank you Pat and thank you all the members of Local 764 it is my pleasure to be here and talk a little bit today about your pension fund and your annuity fund.

First as Pat mentioned I work at the Segal company and we are actuaries and consultants to over 500 defined benefit plans throughout the country, people like teachers, carpenters, laborers, all kinds of Unions who first contribute to one trust fund that either provides pension benefits or health and welfare benefits. So what is an actuary you might be wondering and basically the point of an actuary is to make sure that your pension plan has enough money that when people who are currently just starting to work in your industry ultimately go to retire that there's enough money saved up so that they can get a pension and live well for the rest of their life. So actuaries monitor the industry on all those different types of things and we consult to the Board of Trustees of both your Pension and your Annuity Fund and the Board of Trustees as you probably know consists of union representatives as well as employer representatives and collectively that Board has to make decisions on any changes for the future.

So first I am going to talk a little bit about your Pension Fund, your defined benefit pension fund. And a defined benefit means that when you are ultimately are eligible to retire the plan itself defines a monthly benefit that you get for the rest of your life and part of what the Board of Trustees does every year is to monitor and manage your investments and the proper monitoring of these investments, rules and regulations means that a defined benefit plan will pay a monthly pension for the remainder of someone's life. So the Wardrobe 764 Pension Plan as of January 1, 2020 it had more money in assets than it had in promised benefits to people in the future. So from number of vested participants and the value in today's dollars of all the pensioners and beneficiaries and future retirees that was about $131 million. So the plan was 102.5% funded. That is an extremely well-funded plan. You have more assets than you have liabilities. So if the Plan had decided to close its doors on January 1st the Plan had more than enough money for all the benefits promised to everyone who is currently retired and everyone who will retire in the future. So the Plan was very healthy. Now I know I saw some questions from people about the Pension Fund and there's I think two big concerns. One is people are not working this year and it is a crisis. I personally work with a lot of plans in the entertainment industry not just wardrobe people all across entertainment from actors to everyone behind the camera and there is a lot of concern because there is no work anywhere in the country and I can tell you we have been preparing information for the Board of Trustees to review on how we deal with participants who are not able to earn money and get a vesting credit this year or a pension credit and the Trustees will be evaluating that this year because they have to monitor how long this work shut down is going on and they have to very carefully deliberate and look at the impact of any changes to people who are out of work right now. But I can absolutely tell you that this came up at the last Board of Trustees meeting and it's being evaluated right now.

The other concern that I heard people are worrying about right now on the Pension Fund is how is this shut down of work going to impact the long term of the Pension Fund. So I can tell you a pension fund when we look at them as an actuary we look at 30 to 35 years in the future and there are definitely always bumps in the road when things are good and when things are bad. Things can't get much worse than they are right now from a work perspective but from an investment perspective you may remember back in the 2008 2009 the investments lost an incredible amount of money and this Plan has been able to recover and once again and now be over 100 percent funded so there are going to be good years and there are going to be bad years. We all hope for your sake and for the sake of everybody in the country that this crisis and this pandemic will end in a positive way and end as soon as possible but I

can tell you that the Pension Plan is for the long term and it is very very well funded going into this situation and it should be able to weather whatever storm however long this lasts. One thing to keep in mind-contributions into the Plan are also supplemented with investment earnings and the investments have been doing okay. We are going to keep watching them but they have been doing okay this year. So that has helped out with the lack of work.

Now I'm going to shift to the Annuity Fund and just give you an update on what this is. That is also a retirement plan. It's different from the Pension Plan where it's not a defined benefit for each person when they retire. It's instead an individual account balance so money goes into your Annuity Plan into your account as you work and then the money earns investments over your work history and then when you ultimately retire you have a balance there in your account that you are eligible to withdraw and use to supplement your retirement. So there there's a little more risk when investments go down if you're planning to retire and retire right now and the investments go down the risk is more borne by you as an individual rather than the Plan than it would in a defined benefit plan that has more time to react. However it's like anything else you can you know there are good years and there are bad years and the goal is over the longer term the Trustees are always looking at investments to try to diversify them so that if there's a bad turn in the stock market there is real estate and bonds that can offset that bad turn in the stock market.

I saw a couple of questions raised by people regarding the Annuity Fund of whether they could get access to their money more quickly due to the pandemic and the crisis and being out of work. So you should know that the Federal government passed a bill not too long ago the Cares Act that allowed certain distributions from annuity plans, defined contribution plans, for people who are out of work due to the pandemic. However the government when they make decisions they don't always know the difference between multi-employer plans like yours and single-employer plans, they don't always know the difference between an annuity plan like yours which is a money purchase plan defined by the Internal Revenue Code more like a pension. They do not know the difference between a money purchase plan and a profit sharing plan like a 401(k). So when they passed this law the provisions that allow the Covid distributions allowed for <u>in-service</u> meaning while people are working - distributions are allowed while you are still a participant for plans that are not money purchase plans, your 401(k). Now the second piece of legislation, the HEROES ACT, which was passed about two months ago by the House it's still being discussed and right now it's being discussed in the Senate by the Republicans. That did include provisions that would apply to money purchase plans but for now there is still they're prohibited from giving in service distributions even during the pandemic. So right now the Annuity Fund

Pat: Excuse me

Darrin: Yes

Pat: could you repeat that because your internet was breaking up a little bit about the distributions from the Annuity Plan because people have had this question and it is important stuff. We are having a little trouble with your internet. So

Darrin: I'm sorry so in the Annuity Fund there are right now there are ways to get distributions. One way is you reach age 62. Another way is if you reach age 60 and you don't have contributions for 2 months. And then another way is that you don't have contributions for 12 months. So people who are out of work right now have not reached their 12 months and the question was can we get a distribution

sooner. So I'm not sure how much you heard but the Federal government did pass a Covid 19 distribution law a provision that allows distributions but not for this type of plan that the Annuity Plan is. This type of plan under the Tax Code is a money purchase plan, it's not a profit sharing plan like a 401(k). So the government, we, we along with a lot of people gave feedback to Congress that they made this mistake or left this out and there was a proposal passed in the House under the Heroes Act about two months ago but it has not been passed by the Senate, it hasn't been signed as a law. So that's being negotiated this current week which could allow for a more easy way to get access to some of your account money in the Annuity Fund. So I hope – Pat was that a little better?

Pat: yes it was a little better. It was a little better thanks yes.

Darrin: ok so that's the summary. The other thing about the Annuity Plan as you all may know as participants it is a retirement plan so there are different provisions and allowances for getting your money. The goal is really to save for retirement. So I'm going to pause there because I'm not sure that my audio is still okay

Pat: you're ok right now. Darrin can you review because it's important what the difference is between a defined benefit plan which is the pension and a defined contribution plan which is the annuity because if you understand that you understand a lot about retirement benefits, correct?

Darrin: Correct. And that's a great point so under the Internal Revenue Code, the tax code because all of these benefits are free from tax for your retirement. It earns investments free of tax and they are not taxed until you actually retire and take out the money. Two types of pension benefits Defined Benefit Plans and Defined Contribution Plans. The Pension Plan defines how much a monthly payment will be…

Pat: Well. I'm sorry your breaking up again. Just hang in with us for a minute and tell me how I do. All right. A defined benefit pension plan means that money goes into a general pool for all the participants and you are guaranteed based on how much you work and other formulas to get a certain amount of pension for the rest of your life so even if you if once you're vested even if you didn't work or earn very much, and you -even if you are retired longer than you worked, you get that benefit for the rest of your life, correct?

Darrin: correct

Pat: with the annuity, all the money that was contributed on your behalf goes into your individual account. It's still invested in a pool of money in our Fund for all of the participants, correct?

Darrin: nods yes

Pat: but when you retire and you see every year from when you get a statement from the Fund you see how much is in your account which is the contributions and your portion of the interest the Fund made or if it lost in that year and we don't have very many losses we've only had one loss I think in the recent years, your share of the loss. And you only get to take out what you put in. That's a defined contribution plan. What's been contributed is defined and that's what's there. Correct Darrin? How did I do?

Darrin: That was fantastic you could come work at Segal

Pat: Oh God and both funds are healthy is what you also said to be clear because we've had a question what are the dangers that the Pension and Annuity Funds face during this lack of work. So can you go to that a little-what are the dangers?

Darrin: yeah I mean both of the plans are healthy and that's a very good thing to keep in mind that the pension is very well funded, the Annuity Plan is diversified in investments and so the risks of losing a lot of money is not as great for plans like this. So the risk is not getting any contributions or getting any interest and these plans are both well situated for both of those situations.

Martha: Pat

Pat: yes

Martha: there's a question if we could just go over once more how to become vested. This being the pension of course because in the annuity you are automatically vested

Pat: with the annuity everybody the first day we get contributions for you, you're vested. There's no vesting requirements for the Annuity. For the pension, Darrin can you go over the vesting requirements please?

Darrin: Yeah sorry I was muted. Yes so generally there's just there's a couple of things to keep in mind. Vested means you are entitled to a pension no matter what. That's what vesting means so once you hit your vesting service, then you are entitled to a pension and you cannot lose it even if you lose your job. In this Plan, once you have 5 years of vesting credit you are vested. A vesting credit is earned under the Plan each year when someone earns at least $25,000 in wages or completes 1,000 hours of service in covered employment. So basically, if you have $25,000 in wages during the year you get one year of vesting service. Once you have 5 of those you are vested and will be entitled to a pension.

Pat: great and if now we're going to the Annuity. If you haven't had money contributed in 12 months and make a withdrawal, do you have to pay that back when you work again?

Darrin: not under the current rules. You can take that money and use however you'll pay taxes on it. So you'll get a report at the end of the year a tax form that will say you took a distribution and you have to pay tax on it and in general if you take that money out before you're age you know 59 ½, you will be charged a penalty or excise tax on that money. So it's supposed to be there for saving for retirement.

Pat: and just say so if you take it out before age 59 the government, not the Plan says there are tax consequences to that. But you can still take it, correct?

Darrin: correct if you're if you don't have any contributions for 12 months you can take your individual account balance. And when you take that balance the government says you know what you're now paying taxes on that. The Federal government will charge you taxes.

Pat: ok all right and is the 764 Pension separate from a vested pension on the pink contract for the IA?

Darrin: yes that's a very good -I'm sorry I read that before and I meant to address it. The 764 has its own pension fund. The pink contract has language so that those contributions go the IATSE National Pension Fund and you will have a pension from that Fund. They are two separate entities. So if you are lucky enough to be vested under both when you ultimately retire you will get two pension checks-one from each fund – they're separate funds.

Pat: and if you don't have enough credits in either fund you should contact the National Benefits Funds and the 764 Funds because there is a reciprocal agreement so that you can still get a pension but that is a little in the weeds and doesn't effect so many people but if it's you-you should definitely contact someone. So I have another question Darrin from a person who is 62 -if she takes a distribution from the Annuity will she get taxed on that?

Darrin: the way so right now before this Heroes Act or whatever happens-yes any distribution from an annuity fund you will pay taxes on the distribution. However if you are age 62 you will not pay that extra 10 percent excise tax because you're over age 59½.

Pat: So you always have to pay tax income taxes when you take a distribution but if you're younger than 59 you're going to have to pay an extra penalty. That's what you said, right?

Darrin: yes

Pat: and that's true no matter what and we have a worker asking for a clarification-move on now someone else said it-with the pension. You get one point every year right of qualified earnings and that is times a certain amount of money when you reach retirement age correct? For what your pension is?

Darrin: yes

Pat: yes and you can ask for anyone asking this question you can always consult Zenith American which does the administration of our fund and get an estimate of what your pension would be when you retire and you can look at it and you know you can see if there's any mistakes on it. And especially if you're getting close to retirement that's a good thing to do I think Darrin, right?

Darrin: absolutely I mean any time you get a statement you should always look at it carefully and try to see if there's any mistakes and then the law allows you to ask for an estimate of your benefits once per year. So if you are getting close to retirement you should plan it we tell people two or three years in advance and ask for estimates and ask for all your options and all that so you can plan your retirement.

Pat: and we have some people who are asking about vesting Darrin-how do you get to be vested and do the years that you have towards five years of vesting need to be consecutive years?

Darrin: so I mentioned before you get one year vesting service in each year that you work and earn $25,000 in gross wages. They-to get vested or to have vested status you need five of those years. They don't have to be consecutive. You can have one year and be out a year and then have 2 years and be out. The one thing is if you are out for five consecutive years and had not been vested, you will lose your credits accumulated so I hope that came out clear

Pat-say it again. If you're out for 5 consecutive years what happens? All right we're just waiting

Darrin-you'll have what's called a permanent break in service

Pat: a permanent break in service and

Darrin: break in service means you lose your prior vesting and pension credit

Pat: ok but that's only if you

Darrin: if you do not have 5 years already

Pat: don't have five years already-once you're vested that's a great goal. That's a really good yardstick because once you're vested you definitely get a pension and the Trustees are going to review what will happen in Covid, right? Everyone's aware that a lot of people have no work now because they can't work. They really have to wait I believe and Darrin and Martha step in until the end of the year -ish right to see where it lands before they make a determination but the Trustees do have their eyes on this. Correct?

Darrin: absolutely yep and the Board needs to keep the long term in focus so that's why they're going to see what happens the rest of this year from investments as well as work before making any decisions that will be permanent because these decisions are permanent.

Pat: and that's the Board of Trustees of the Pension Fund not the Board of the Union. Right?

Darrin: correct so it's a joint board of union and employers so there are people representing the employers that have to agree to the decisions.

Pat: and it-Darrin I think unless Martha sees some other questions that might be it. Martha I think we covered this

Martha: yep and I-there's some questions in the chat that people have been able to answer specific questions but those people that were lucky enough to hit the mark you know in 2020 will still get their pension credit. Well that's part of the plan absolutely yes that no matter what happens that is without a doubt.

Pat: yes and ok what's the law on the current age that you need to start taking your pension and annuity. Some people may need to defer retirement given the current situation

Darrin: that's a great question so the law there was a law passed last year that allows a plan to wait. So that's called a required beginning date or required minimum distribution in the annuity and the new law says for people who are turning 70½ in the future they can wait to age 72 to get those minimum required pension or annuity payments. So it's the April in the following year since you turn 72.

Pat: and I'm really just telling everyone that this is general advice-right-based on everyone in the Plan. Your specific situation, your specific work history and all of the things that you may want to know when you're planning your own retirement or managing your own finances you should contact the Funds. You can always contact the Union- I see Zenith American is pension and annuity they administer the Plans. Mary Ferry is here still-she's been working mostly from home. I think she's one day a week in the office. She can pass your concerns along or you can just go straight to Zenith American and then-I do want to get to the other funds but Darrin can you talk about additional pension credits after vesting. Right you just-then you accrue your pension credits correct?

Darrin: right so vesting just means whatever you've earned you can't lose. Your vested and you will get it when you retire. If you work consistently over your career 10 years, 15 years, 20 years you will continue to earn pension credits so pension credits are earned under the Plan for each year you earn at least $6,250 you earn a quarter credit. So each year you earn that amount of money you'll keep building up credits for your whole career to ultimately give you a solid pension when you retire.