



**Rael &
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Memorandum

To: Board of Directors
Motion Picture Industry Pension Plan

From: Mike Kaplan, Motion Picture Plan Actuary

Date: August 2, 2018

Re: Status of the Motion Picture Industry Pension Plan

This memo is in response to the Board of Directors inquiry asking our opinion of the viability of continuing to fund promised pension benefits under the terms of the recently negotiated Basic Agreement.

For each year of the Pension Protections Act's ("PPA") existence (2008-2018), the Motion Picture Industry Pension Plan has been filed as a safe status plan ("Green Zone"). Most recently, it was certified as a Green Zone plan because scheduled contributions under the bargaining party amortization policy (100% funding on January 1, 2032) are more than sufficient to reach 80% funding within PPA's 11 year window. Projections indicate that making contributions in accordance with the amortization policy will keep the plan in the Green Zone until it is 100% funded on January 1, 2032.

Projected liability and unaudited assets used in the 2018 PPA certification filing and the most recent negotiations indicate that the plan is funded at 66.3% as of January 1, 2018. Assuming that the current market return assumption of 7.5% (net of investment expenses) is achieved in each future year, the attached projection shows that the plan is scheduled to reach 80% funding by January 1, 2023 and 100% funding as of January 1, 2032 after including the 13th and 14th checks for 2018-2020 and the 10% active increase on January 1, 2021. Furthermore, continuing to make contributions scheduled under the amortization policy will fund future increases by January 1, 2032. In the unlikely event that the plan were to enter the Yellow Zone (endangered status), under the Pension Protection Act, benefit increases can still be adopted by the Board of Directors if additional contributions are made to the plan to cover the cost of such increases.

Cc: David Asplund
Dave Camp
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Neal Marshall