

# PENSION FUNDING NOTICE PATIENT PRIVACY NOTICE

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## IMPORTANT PARTICIPANT INFORMATION

This publication includes important federally-required notices about Participant rights under the Plans, the Pension Protection Act and the Health Insurance Portability and Accountability Act.

- Annual Pension Funding Notice 1
- Patient Privacy Notice 4

# ANNUAL FUNDING NOTICE FOR THE MOTION PICTURE INDUSTRY PENSION PLAN

This notice includes important funding information about your pension plan (“the Plan”). This notice also provides a summary of federal rules governing multiemployer plans in reorganization and insolvent plans and benefit payments guaranteed by the Pension Benefit Guaranty Corporation (PBGC), a federal agency. This notice is for the plan year beginning January 1, 2008, and ending December 31, 2008 (referred to hereafter as the “Plan Year”).

## Funded Percentage

The funded percentage of a plan is a measure of how well that plan is funded. This percentage is obtained by dividing the Plan’s assets by its liabilities on the valuation date for the plan year. In general, the higher the percentage, the better funded the plan. The Plan’s funded percentage for the Plan Year and two preceding plan years is set forth in the chart to the right, along with a statement of the value of the Plan’s assets and liabilities for the same period.

	2008	2007	2006
Valuation Date	January 1, 2008	January 1, 2007	January 1, 2006
Funded Percentage	86.3%	Not applicable*	Not applicable*
Value of Assets	\$2,631,953,000	Not applicable*	Not applicable*
Value of Liabilities	\$3,050,852,000	Not applicable*	Not applicable*

\* Please refer to the explanation in the section entitled “Transition Data.”

## Transition Data

For a brief transition period, the Plan is not required by law to report certain funding related information because such information may not exist for plan years before 2008. The Plan has entered “not applicable” in the chart to the right to identify the information it does not have. In lieu of that information, however, the Plan is providing you with comparable information that reflects the funding status of the Plan under the law then in effect. For 2007, the Plan’s “funded current liability percentage” was 60.0%, the Plan’s assets were \$2,355,940,000,

and Plan liabilities were \$3,928,895,787. For 2006, the Plan’s “funded current liability percentage” was 59.0%, the Plan’s assets were \$2,166,983,000, and Plan liabilities were \$3,674,588,000. The “funded current liability percentages” for 2006 and 2007 are significantly lower than the “funded percentage” for 2008 because the Plan was required to determine the 2006 and 2007 percentages under U.S. Department of Labor (DOL) guidelines using extremely conservative actuarial assumptions that the DOL determined were no longer required for 2008.

## Fair Market Value of Assets

Asset values in the chart above are actuarial values, not market values. Market values tend to show a clearer picture of a plan’s funded status as of a given point in time. However, because market values can fluctuate daily based on factors in the marketplace, such as changes in the stock market, pension law allows plans to use actuarial values for funding purposes. While actuarial values fluctuate less than market values, they are estimates. As of December 31, 2008,

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the fair market value of the Plan's assets was \$2,131,276,000. As of December 31, 2007, the fair market value of the Plan's assets was \$2,739,754,000. As of December 31, 2006, the fair market value of the Plan's assets was \$2,525,531,000.

### Participant Information

The total number of participants in the Plan as of the Plan's valuation date was 70,014. Of this number, 46,280 were active participants, 12,598 were retired or separated from service and receiving benefits, and 11,136 were retired or separated from service and entitled to future benefits.

### Funding & Investment Policies

The law requires that every pension plan have a procedure for establishing a funding policy to carry out the plan objectives. A funding policy relates to the level of contributions needed to pay for benefits promised under the plan currently and over the years. The funding policy of the Plan is to confirm that the minimum funding requirements of ERISA are being satisfied and to determine that anticipated employer contributions will not exceed the amounts deductible under the Internal Revenue Code. The policy for the 2008 Plan Year includes a target contribution amount sufficient to amortize the unfunded liability over a 15-year fixed amortization period (as of January 1, 2009) and meet the normal cost if all actuarial assumptions were met. Each employer makes contributions monthly pursuant to collective bargaining agreements.

Once money is contributed to the Plan, the money is invested by Plan officials called fiduciaries. Specific investments are made in accordance with the Plan's investment policy. Generally speaking, an investment policy is a written statement that provides the fiduciaries who are responsible for plan investments with guidelines or general instructions concerning various types or categories of investment management decisions. The investment policy of the Plan is to seek to obtain a total rate of return from

Plan assets that provides, together with employer contributions, sufficient assets to fund participant benefits. In order to accomplish this goal, the Plan seeks well-managed investments and a competitive long-term return in a wide variety of asset classes.

In accordance with the Plan's investment policy, the Plan's assets were allocated among the categories of investments listed in the Asset Allocations chart below, as of the end of the Plan Year. These allocations are percentages of total assets.

For information about the Plan's investment in any of the following types of investments as described in the chart below – common/collective trusts, pooled separate accounts, master trust

investment accounts, or 103-12 investment entities – contact Tom Zimmerman who is the Plan's executive administrative director, 11365 Ventura Boulevard, Studio City, CA 91604-3148, 818 or 310.769.0007.

### Critical or Endangered Status

Under federal pension law a plan generally will be considered to be in "endangered" status if, at the beginning of the plan year, the funded percentage of the plan is less than 80 percent or in "critical" status if the percentage is less than 65 percent (other factors may also apply). If a pension plan enters endangered status, the trustees of the plan are required to adopt a funding improvement plan; similarly, if a pension plan enters critical status, the trustees

Asset Allocations	Percentage
1. Interest-bearing cash	1.00 %
2. U.S. Government securities	15.99 %
3. Corporate debt instruments (other than employer securities):	
Preferred	0.00 %
All other	11.91 %
4. Corporate stocks (other than employer securities):	
Preferred	0.00 %
Common	20.55 %
5. Partnership/joint venture interests	0.00 %
6. Real estate (other than employer real property)	7.62 %
7. Loans (other than to participants)	0.00 %
8. Participant loans	0.00 %
9. Value of interest in common/collective trusts	6.41 %
10. Value of interest in pooled separate accounts	1.63 %
11. Value of interest in master trust investment accounts	0.00 %
12. Value of interest in 103-12 investment entities	8.44 %
13. Value of interest in registered investment companies (e.g., mutual funds)	23.98 %
14. Value of funds held in insurance co. general account (unallocated contracts)	0.00 %
15. Employer-related investments:	
Employer securities	0.00 %
Employer real property	0.00 %
16. Buildings and other property used in plan operation	1.02 %
17. Other	1.45 %

of the plan are required to adopt a rehabilitation plan. Rehabilitation and funding improvement and rehabilitation plans establish steps and benchmarks for affected pension plans to improve their funding status over a specified period of time.

The Plan was not in endangered or critical status in the Plan Year.

### Right to Request a Copy of the Annual Report

A pension plan is required to file with the U.S. Department of Labor an annual report (i.e., Form 5500) containing financial and other information about the plan. Copies of the annual report are available from the U.S. Department of Labor, Employee Benefits Security Administration's Public Disclosure Room at 200 Constitution Avenue, NW, Room N-1513, Washington, DC 20210, or by calling 202.693.8673. Or you may obtain a copy of the Plan's annual report by making a written request to the plan administrator.

### Summary of Rules Governing Plans in Reorganization and Insolvent Plans

Federal law has a number of special rules that apply to financially troubled multiemployer plans. Under so-called "plan reorganization rules," a plan with adverse financial experience may need to increase required contributions and may, under certain circumstances, reduce benefits that are not eligible for the PBGC's guarantee (generally, benefits that have been in effect for less than 60 months). If a plan is in reorganization status, it must provide notification that the plan is in reorganization status and that, if contributions are not increased, accrued benefits under the plan may be reduced or an excise tax may be imposed (or both). The law requires the plan to furnish this notification to each contributing employer and labor organization.

Despite the special plan reorganization rules, a plan in reorganization nevertheless could become insolvent. A plan is insolvent for a plan year if its

available financial resources are not sufficient to pay benefits when due for the plan year. An insolvent plan must reduce benefit payments to the highest level that can be paid from the plan's available financial resources. If such resources are not enough to pay benefits at a level specified by law (see Benefit Payments Guaranteed by the PBGC, below), the plan must apply to the PBGC for financial assistance. The PBGC, by law, will loan the plan the amount necessary to pay benefits at the guaranteed level. Reduced benefits may be restored if the plan's financial condition improves.

A plan that becomes insolvent must provide prompt notification of the insolvency to participants and beneficiaries, contributing employers, labor unions representing participants, and the PBGC. In addition, participants and beneficiaries also must receive information regarding whether, and how, their benefits will be reduced or affected as a result of the insolvency, including loss of a lump sum option. This information will be provided for each year the plan is insolvent.

### Benefit Payments Guaranteed by the PBGC

The maximum benefit that the PBGC guarantees is set by law. Only vested benefits are guaranteed. Specifically, the PBGC guarantees a monthly benefit payment equal to 100 percent of the first \$11 of the Plan's monthly benefit accrual rate, plus 75 percent of the next \$33 of the accrual rate, times each year of credited service. The PBGC's maximum guarantee, therefore, is \$35.75 per month times a participant's years of credited service.

*Example 1:* If a participant with 10 years of credited service has an accrued monthly benefit of \$500, the accrual rate for purposes of determining the PBGC guarantee would be determined by dividing the monthly benefit by the participant's years of service ( $\$500/10$ ), which equals \$50. The guaranteed amount for a \$50 monthly accrual rate is equal to the sum of \$11 plus \$24.75

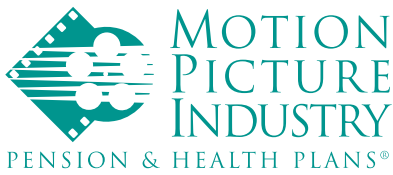
( $.75 \times \$33$ ), or \$35.75. Thus, the participant's guaranteed monthly benefit is \$357.50 ( $\$35.75 \times 10$ ).

*Example 2:* If the participant in Example 1 has an accrued monthly benefit of \$200, the accrual rate for purposes of determining the guarantee would be \$20 (or  $\$200/10$ ). The guaranteed amount for a \$20 monthly accrual rate is equal to the sum of \$11 plus \$6.75 ( $.75 \times \$9$ ), or \$17.75. Thus, the participant's guaranteed monthly benefit would be \$177.50 ( $\$17.75 \times 10$ ).

The PBGC guarantees pension benefits payable at normal retirement age and some early retirement benefits. In calculating a person's monthly payment, the PBGC will disregard any benefit increases that were made under the Plan within 60 months before the earlier of the Plan's termination or insolvency and benefits that were in effect for less than 60 months at the time of termination or insolvency. Similarly, the PBGC does not guarantee pre-retirement death benefits to a spouse or beneficiary (e.g., a qualified pre-retirement survivor annuity) if the participant dies after the plan terminates, benefits above the normal retirement benefit, disability benefits not in pay status, or non-pension benefits, such as health insurance, life insurance, death benefits, vacation pay, or severance pay.

### Where to Get More Information

For more information about this notice, you may contact the Plan Office, at 818 or 310.769.0007 (outside Southern California 888.369.2007), or by mail at Motion Picture Industry Pension Plan, P.O. Box 1999, Studio City, CA 91614-0999. For identification purposes, the official plan number is 001 and the plan sponsor's employer identification number or "EIN" is 95-1810805. For more information about the PBGC and benefit guarantees, go to PBGC's website, [www.pbgc.gov](http://www.pbgc.gov), or call PBGC toll free at 1.800.400.7242 (TTY/TDD users may call the Federal relay service toll free at 1.800.877.8339 and ask to be connected to 1.800.400.7242).



P.O. Box 1999, Studio City, CA 91614-0999

*Electronic Service Requested*

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### Remember the New 818 Dial

Participants calling the Plans' Studio City Office from an 818 area code must now dial the number 1 + the area code and telephone number. When calling from an 818 area code mobile phone, the number 1 is optional, but the area code is still required.

*Check out our website at  
[www.mpiphp.org](http://www.mpiphp.org)*

## PATIENT PRIVACY NOTICE

Protection of our Participants' private health information has always been an extremely important aspect of the comprehensive services provided to Participants by the Motion Picture Industry Health Plan.

Our comprehensive "Notice of Privacy Practices" governs our actions to guard you against unnecessary use and disclosure of your personal information. The policy and practices have been written not only to meet, but to exceed, the strict standards of the Health Insurance Portability and Accountability Act of 1996. This very detailed policy clearly defines acceptable circumstances for disclosure of personal Participant

health information, while still allowing the Plan necessary access for business operations. In addition to confidentiality practices, it spells out your rights to access and restrict use of your health information. It identifies steps you can take to review your personal information and to request amendments, as well as receive an accounting or copies of certain disclosures of your health information that the MPI Health Plan is required to keep.

We encourage you to review these policies and practices and offer a number of options for you to obtain a copy of the Notice by telephone, standard mail or e-mail. A copy of the Notice may also be downloaded from our Website at [www.mpiphp.org](http://www.mpiphp.org).

### Your Right to Privacy

Participant privacy rights are spelled out in the MPI Health Plan "Notice of Privacy Practices." The document is available for download on the Plans' website at [www.mpiphp.org](http://www.mpiphp.org), or call extension 251 and ask to have a copy mailed to you. If you have questions about your privacy rights, please call:

Victoria L. Fins, Compliance Officer  
MPI Pension and Health Plans  
818 or 310.769.0007, extension 316

Outside Southern California:  
888.369.2007 (toll-free)