SAG-AFTRA ONE UNION

MYTH BUSTERS

TOP 40

THE TOP 40 MERGER MYTHS PUT TO REST

The blogosphere is filled with misinformation about merger. These myths get repeated in holding areas, at auditions and among friends until they come to be regarded as facts. Don't be deceived! Take a look at these common merger myths and get the real facts about how merger will affect you and your unions.

MYTHS ABOUT THE IMPACT OF MERGER ON PENSION & HEALTH / HEALTH & RETIREMENT

MERGER MYTH #1:
Merger will jeopardize my pension.

MERGER FACT: **Your accrued pension benefits are protected by federal law.** Benefits can only be reduced under certain conditions relating to plans in financial distress. Neither the AFTRA Plan nor the SAG plan is in that situation – both plans are in the "green zone." As explained in the Feasibility Report, a merger of the plans would make it less likely that that your pension plan reaches the level of financial distress that places your accrued benefits in jeopardy:

Multiemployer plan mergers do not pose any increase in the risk of loss of benefits to plan participants according to the government agency in charge of mergers. Indeed, the law requires that if pension plans are merged, the plans' trustees have a legal obligation to ensure that no participant's accrued benefits will be less after the merger than it was before.

MERGER MYTH #2:
If merger passes, SAG P&H benefits will be reduced because the comparable AFTRA benefits are less generous.

MERGER FACT: Each benefit plan has aspects that are better than the other. **Benefits under the plans will not change as a result of the merger.** Until a proposal to merge the plans that protects our benefits can be developed, members will continue to be able to qualify for benefits from the existing benefit plans through SAG and AFTRA-covered work, just as they did before the merger.

MERGER MYTH #3:
SAG and AFTRA are constitutionally required to conduct a study of the impact of merger on their benefit plans and haven't done it.

MERGER FACT: **This is absolutely false: there is no requirement that the unions conduct a study of the impact of merger on the benefit plans.** Nevertheless, the unions commissioned a Feasibility Report that demonstrates that merger of the unions will only benefit the plans and their participants.

Critics contend that there should be an actuarial study using non-public information held only by the plans. No such actuarial study can be conducted without management's cooperation and management trustees have already made clear that they will not agree to conduct an actuarial study before the unions themselves are merged.

Those who claim there is a requirement to conduct a study point to language in the Phase I agreement between SAG and AFTRA. That agreement, however, is a dead letter. In 2008, it was suspended and deemed terminated. Even so, the language of the Phase I agreement does not require a study. It provides as follows:

The Committees agree to recommend that the consolidation of the respective pension plans be studied so that it may ascertained (a) what, if any, merger plan can be achieved which will satisfy the requirements of law and the protection of all eligible members against loss of benefits, presently or in the future; and (b) the willingness of industry trustees to consolidate the plans.

All that this language requires is that the committees that negotiated the Phase I agreement back in 1981 "recommend" to the National Boards that "consolidation of the respective pension plans be studied." The National Boards in fact considered this recommendation and found that the Feasibility Report met the objectives and that it would be futile to pursue an actuarial study in advance of merger of the unions.

MERGER MYTH #4:
The merger plan does nothing to solve the "split earnings" problem.

MERGER FACT: **Merging the unions will remove a significant obstacle to the eventual merger of the benefit plans.** This is one of the key conclusions of the Feasibility Report:

Even though the merger of the unions would not automatically result in the immediate combination of these plans, the union merger would provide a realistic opportunity for the trustees of the current plans to quickly provide that earnings under both plans could be combined for purposes of establishing eligibility in a plan.

MERGER MYTH #5:
The merger opponents have obtained an expert opinion proving that merger will reduce our benefits.

MERGER FACT: Opponents of merger have hired a litigation attorney—a "hired gun"—who has stated at their behest that merger will have a "probable adverse impact" on benefits. **This attorney is not a labor lawyer, an ERISA lawyer or an expert in Taft-Hartley benefit plans. He has never worked for SAG, AFTRA or either union's benefit plans. He has no access to plan data.** We have asked this attorney to provide the analysis he did to support this conclusion. Not surprisingly, he refused. His conclusion is illogical and directly contradicted by the nation's leading Taft-Hartley benefit plan experts, who have decades of experience working in our industry and, in some cases, with our specific plans.

MERGER MYTH #6: In 2003, the Mercer Report set forth detailed information about what a combined SAG Pension & Health and AFTRA Health & Retirement benefit plan would look like and demonstrated that SAG benefits would be reduced.

MERGER FACT: The Mercer Report was prepared in connection with the 2003 merger referendum to identify some of the issues that would need to be addressed in order to combine the AFTRA Health & Retirement and SAG Pension & Health Plans. For years, merger opponents have cited the Mercer Report as proving that a benefit plan merger would hurt SAG plan participants. Because the report was confidential, the entirely fictitious mythology surrounding the Mercer Report was not effectively rebutted and lived on.

Recently, however, the *Hollywood Reporter* posted a copy of the Mercer Report on its website and provided its own analysis of the report that exploded every aspect of this mythology.

First, merger opponents have claimed for years that the Mercer Report "clearly shows" that a merger of the plans would lead to a reduction in benefit levels for SAG plan participants and harm to the SAG plan itself. This is simply false, as the *Hollywood Reporter* points out: *"[T]here's a problem with this narrative: the report doesn't 'clearly show' any such thing. On the contrary, the 2003 document says that pension plan costs were likely to go up or benefits go down 'with or without a merger.'"*

Second, merger opponents have repeatedly demanded that an updated version of the Mercer Report be prepared in order to specify for members the structure, premiums, benefits, eligibility criteria, co-pays and other details of what merged benefit plans would look like. As the *Hollywood Reporter* article concludes, however, anyone who actually reads it will find that the Mercer Report *"would tell them none of these things."* The Mercer Report does not contain the benefit design of a merged plan; it simply identifies some the issues that would have to be addressed in such a design. In fact, members who are interested in reading about how the merger would be likely to impact their benefits would gain far more insight by reading the Feasibility Report that the unions have posted.

Third, contrary to the perverse spin that merger opponents have sought to place on it, the Mercer Report actually supports merging the plans. This was apparent to the Hollywood Reporter as well: *"The report*

also speaks of 'the broader benefits of a merger' (p. 5), a phrase scarcely consistent with the way it's been publicly characterized by merger opponents." In fact, the first two "Key Conclusions" of the Mercer Report were: *"Our analysis did not identify any critical barriers to mergers of the health plans or the pension plans"* and *"We identified potential savings opportunities, particularly in the administration and health care areas."*

Fourth, the *Hollywood Reporter* article identifies the real source of the merger opponents' statements about the Mercer Report, which is not the report itself: *"Ironically, those activists – who criticize AFTRA as being too compliant with management – adopted their gloss on the report from a leaked memo prepared by a studio executive who serves as one of the management-side trustees of the SAG P&H plan."* Why would any union member rely on the biased interpretation of a studio executive to form their opinions about merger?

The Mercer Report is now nearly a decade old and its analysis is completely out of date, yet it continues to be a perverse rallying cry for merger opponents. The truth, however, is that the Mercer Report contains very little information that would be useful to members in deciding how to vote on the current merger referendum.

MYTHS ABOUT THE IMPACT OF MERGER ON EXISTING CONTRACTS AND FUTURE BARGAINING

MERGER MYTH #7:
Merger will do nothing to increase our bargaining power because SAG and AFTRA already negotiate together.

MERGER FACT: It is true that AFTRA and SAG have bargained together successfully for decades under the Phase I agreement. The Phase I agreement, however, was always intended as the first step toward merger—hence the name. **The best proof that merger, not just voluntary joint bargaining, is necessary occurred in 2008 when the Phase I agreement broke down and SAG and AFTRA bargained separately for the first time in decades.** SAG was mired in a year-long stalemate that cost SAG actors over $100 million in lost earnings. Actors lost their homes as a result. Careers suffered irreparable damage. Can we really afford to do that again?

Further, Phase I never contemplated the industry consolidation that now exists in the 21st Century. It's inadequate to address today's needs for more bargaining clout. Until we merge, our leverage will continue to be diluted. The authors of Phase I understood this. It's time for Phase 2.

MERGER MYTH #8:
Merger will make SAG weaker.

MERGER FACT: This could not be further from the truth. We need look no further than our own recent history to see why. In 2008, when AFTRA and SAG bargained separately, SAG lacked the leverage to close a deal with our employers in the motion picture and television industry that contained new media terms that SAG considered acceptable. This led to a year-long standoff that cost actors over $100 million in lost earnings. The very next negotiations that we conducted—the 2009 Commercials Contract negotiations—were done jointly with AFTRA and achieved a historic first: Session pay for actors working in commercials made for new media are now subject to the same scale minimums that apply to commercials made for television. The difference could not be clearer. Separately, we are weaker. Together, we are stronger.

Merger will make SAG-AFTRA the exclusive representative of the entire pool of talent that our employers need across a broader range of their corporate holdings. That exclusivity is the foundation of a union's power and something that neither of our unions has right now.

MERGER MYTH #9:
Merger will not solve the problem of overlapping jurisdiction.

MERGER FACT: **Merger will immediately solve the problem of overlapping jurisdiction.** Even though the existing SAG and AFTRA television, commercials and non-broadcast contracts will continue until they expire, SAG-AFTRA will immediately be able to negotiate coverage for new productions and work to ensure the highest possible terms that either union offers. This will be a historic first and a banner moment for actors.

MERGER MYTH #10: **Merger is pointless because different categories of workers (e.g., broadcasters and actors) cannot join one another's strikes.**

MERGER FACT: This argument misunderstands how our contracts work even now. If SAG were to go on strike against the commercial producers, we could not as a result withhold actor services from television and theatrical producers, and vice versa. This is because our Commercials Contract and our TV/Theatrical Contracts are separate collective bargaining agreements, each with its own no-strike clause. The same will be true in SAG-AFTRA: If, for example, a unit of broadcasters were to go on strike against, say, ABC News, SAG-AFTRA actors would not necessarily be at liberty to withhold services from ABC Studios. That is the same dynamic whether we merge or not. **Through merger, actors, broadcasters, and other categories of employees will have an unprecedented ability to support each other's job actions. They can and should walk one another's picket lines, speak out on each other's behalf, pool their resources to support one another's job actions and find other creative ways to fight together.**

MERGER MYTH #11:

Our employers can refuse to bargain with SAG-AFTRA because it is a "new" union.

MERGER FACT: **The Merger Agreement (p. 4) provides that SAG-AFTRA will assume all of AFTRA's and SAG'S contracts and assume representation of all employees represented by either SAG or AFTRA.** Our employers will be obligated to continue honoring those contracts and bargaining with those employees through SAG-AFTRA unless they can prove that there is not "substantial continuity" between AFTRA and SAG on the one hand and SAG-AFTRA on the other.

In the 23 years since the Supreme Court decided the seminal case that sets out what an employer must prove to show a lack of "substantial continuity," there have been an even dozen continuity cases decided by the National Labor Relations Board. In every last one of them, the NLRB found that there was "substantial continuity," i.e., that the employer was obligated to continue honoring the existing contract, recognizing the successor union as the exclusive representative of the bargaining unit and bargaining with the successor union in good faith.

Furthermore, the largest multi-employer bargaining groups with whom SAG and AFTRA negotiate—the Alliance of Motion Picture and Television Producers, with whom we bargain the television and theatrical contacts, and the Joint Policy Committee, with whom we bargain the Commercials Contracts—have a lengthy history of bargaining with AFTRA and SAG simultaneously. It would be extremely difficult for these employer groups to maintain that there is not "substantial continuity" between the merged successor to SAG and AFTRA when they have bargained with us jointly for decades.

Our lawyers have carefully reviewed the merger proposal before you for the specific purpose of ensuring that we do nothing to jeopardize a favorable "substantial continuity" finding. We are extremely confident based on the law on this subject that SAG-AFTRA will prevail in the event of any employer challenge to its continuity with SAG and AFTRA.

MERGER MYTH #12:

SAG-AFTRA will not have the same "prestige" that SAG and AFTRA do now and will therefore be less powerful.

MERGER FACT: **Our unions derive their prestige from the talented members that they represent, not the other way around.** SAG-AFTRA will continue to be the union of glamorous Hollywood celebrities, highly respected broadcast journalists, beloved film and television performers of all stripes and the stars of the recording industry. Whether listening to NPR in the car, watching a favorite television show at home or taking a family trip to the movies, our neighbors and people around the world will be continually reminded of our members' talent and of the great work that they do. That is all the prestige we need.

MERGER MYTH #13:

If there is a merger, SAG contracts will adopt the lower AFTRA rates and residuals.

MERGER FACT: First **AFTRA and SAG's contracts in areas of overlapping jurisdiction are identical, and in some cases AFTRA's rates are higher.** Our existing contracts will not be impacted by the merger. They will remain in effect, exactly as written, until they expire, at which point they will be renegotiated by SAG-AFTRA. As to new contracts that may be negotiated after the Effective Date of the merger, the Merger Agreement (p. 18) specifically requires that SAG-AFTRA will *"use its best efforts to ensure that . . . the members of SAG-AFTRA enjoy the best terms and conditions for their work."* For example, in the area of network primetime television, this would require SAG-AFTRA to utilize the rates in the AFTRA Exhibit A contract—which are presently higher than the rates in the SAG Television Agreement—wherever possible. The same will hold true for residuals formulas and all other terms and conditions of employment.

MERGER MYTH #14:

AFTRA does not enforce any equivalent of Global Rule 1. If merger passes, SAG-AFTRA will not enforce Global Rule 1 either and actors will be free to "work off the card."

MERGER FACT: **The Merger Agreement specifically provides (p.10) that the AFTRA "No Contract/No Work" Rule and SAG Global Rule 1 will continue to apply after merger just as they always have.** Furthermore, contrary to popular belief, SAG Global Rule 1 and the AFTRA No Contract/No Work Rule are substantially the same.

AFTRA's No Contract/No Work Rule applies to all AFTRA members, regardless of category, in jurisdictions where there are multi-employer, industry-wide agreements—for example, commercials, non-broadcast, scripted television, and interactive – just like SAG's Global Rule 1. The No Contract/No Work Rule, however, does not automatically apply in jurisdictions where there are no multiple-employer, industry-wide agreements. Organizing and negotiations in those areas must be done on a single employer, "shop-by-shop" basis. In those cases, for significant legal and practical reasons, AFTRA has not automatically applied the No Contract/No Work Rule unless there is an active organizing drive underway.

The fact that AFTRA's No Contract/No Work rule applies differently in single employer situations will not change the way Global Rule 1 is enforced and No Contract/No Work apply in areas such as commercials, scripted TV, interactive, etc. Global Rule 1 and No Contract/No Work will continue to be the basis for organizing in the areas to which they have traditionally been applied.

MYTHS ABOUT THE IMPACT OF MERGER ON ACTORS AND BACKGROUND ACTORS.

MERGER MYTH #15:
Actors will not have a significant voice in SAG-AFTRA since they will be just another category.

MERGER FACT: **Actors will constitute approximately 92% of the members of SAG-AFTRA. They have absolutely no reason to be concerned about their ability to control their own destiny in SAG-AFTRA.**

MERGER MYTH #16: **SAG can file a petition with the National Labor Relations Board for a "global unit clarification" that will result in SAG exclusively representing all actors. Alternatively, actors can use the NLRB decertification procedures to achieve the same result.**

MERGER FACT: Neither a unit clarification petition nor a decertification petition is an appropriate vehicle for resolving jurisdictional overlap between two unions. The claim made by some that SAG could petition the National Labor Relations Board to conduct a "global unit clarification" that would give SAG the exclusive right to represent all actors is a complete fiction that reflects a serious misunderstanding of federal labor law and the role of the National Labor Relations Board ("NLRB"). Using decertification to attempt this dubious objective would result in all out warfare between our unions that would drain our resources, hurt our members and ultimately distract us from our overriding objective to obtain the best possible terms and conditions of employment for our members. **Both approaches would violate the AFL-CIO's rules for how unions with overlapping jurisdiction should resolve disputes or disagreements. Furthermore, it would play into the hands of management by undermining organizing initiatives for BOTH unions, and pit the unions against themselves, rather than uniting the unions to face off against management.** For practical and legal reasons, such an effort is extremely likely to fail in any event.

There is no such thing as a "global unit clarification." There is no lack of clarity in the current SAG and AFTRA unit descriptions at issue, which are identical. Nor is the question here one of certifying the majority status of either union—both unions have already achieved identical voluntary recognition of that status from our employers.

The NLRB consistently resolves those disputes by enforcing the employer's preference. In other words, initiating a dispute with the NLRB is not an effective approach. The way to foreclose management's options is to merge the unions, so that our employers have only one place to go for the talent they need.

Finally, some have suggested that the problem of overlapping jurisdiction between AFTRA and SAG can be resolved by decertifying one of the unions. A decertification petition, however, can only be filed in the period during or immediately preceding negotiations—precisely when members need their union

to be at its strongest. Filing a decertification petition against one's own union during negotiations is tantamount to slitting one's own throat. Besides, if a decertification happens, there would be a one year period where NO union could be certified – meaning the performers would be without any union protection. Decertification is a management tool, not the way that unions build power. This self-destructive decertification process would then have to be repeated for every entity that works in an area of overlapping jurisdiction, the likely result of which will be to ensure that none of our resources or bargaining strength remain to pursue the unions' real goal—improving terms and conditions for our members.

This approach is not only impractical and self-destructive, but it flies in the face of what the labor movement is all about. The labor movement is not about attacking other workers or labor organizations; it is about joining forces with them so that together we can fight management! That is the alternative that merger offers and it is the best way to increase our strength and achieve better results for our members.

MERGER MYTH #17:

If merger passes, background actors will face more competition for their jobs because there will be an influx of new union members.

MERGER FACT: This claim is simply false. Pursuant to federal labor law, union membership cannot be a requirement for obtaining a union job. So, all of the background actors who will become SAG-AFTRA members after merger are already eligible to compete for union jobs under both SAG and AFTRA jurisdiction right now, regardless of whether they are members of either or both unions. **Merging the unions will not (and indeed cannot) increase the size of the available work force, which is and will always be as large as the number of people who are interested in competing for particular jobs.**

MERGER MYTH #18:

Large numbers of background actors are joining AFTRA in advance of the merger vote in order to join SAG-AFTRA through the "back door."

MERGER FACT: **There is no evidence that background actors or any other category of performer have been joining AFTRA (or SAG) in greater than usual numbers in anticipation of merger.**

Moreover, the suggestion that increasing the number of union members who do background work means more competition for union background jobs is a common misconception based on a misunderstanding of how labor law and our contracts work. Pursuant to federal labor law, union membership cannot be a requirement for obtaining a union job. So, all of the non-union performers who could join AFTRA are eligible to compete for union jobs under both SAG and AFTRA jurisdiction right now. Merging the unions will not (and indeed cannot) increase the size of the available work

force, which is and will always be as large as the number of people who are interested in competing for particular jobs.

Further, overwhelming number of AFTRA members joined AFTRA because they had already worked, or where contracted for an AFTRA job. The myth that most AFTRA members are inexperienced novices who walked in off the street is simply false.

Finally, those members who remain concerned, notwithstanding the foregoing, that a large number of non-professionals will join AFTRA as a "back door" into SAG-AFTRA have a simple remedy: Vote for merger. In a few weeks, if merger passes, the "back door" will close and membership will be restricted to those who meet the qualifications set forth in the SAG-AFTRA Constitution, which are nearly identical to the requirements of the current SAG Constitution and By Laws.

MERGER MYTH #19:
If merger passes, the background zones will change.

MERGER FACT: **Our existing contracts will not be impacted by the merger.** They will remain in effect, exactly as written, until they expire, at which point they will be renegotiated by SAG-AFTRA. Because the background zones are function of certain of our existing contracts, they will not change either. With the increased leverage that a merged union will enjoy, expanding background zones will become a more realistic possibility than it ever has been before.

MYTHS ABOUT SAG-AFTRA'S ORGANIZATIONAL STATUS & GOVERNANCE

MERGER MYTH #20:
SAG-AFTRA will be a for-profit corporation.

MERGER FACT: **SAG-AFTRA will be a non-profit corporation.** It has never been contemplated that SAG-AFTRA would be run as a for-profit enterprise. Though many other labor organizations are incorporated, we are unaware of any instance where a union has incorporated as a for-profit venture. Under federal labor law, it is not even clear that incorporating as a for-profit corporation is even possible.

MERGER MYTH #21:
SAG-AFTRA has incorporated in Delaware for corrupt purposes.

MERGER FACT: Counsel to both AFTRA and SAG conducted a comprehensive review of the laws and regulations for incorporation of non-profit labor organizations, and after a thorough review of many jurisdictions, the G1 adopted the recommendation that the legal, regulatory and tax environment for a labor organization to incorporate was most favorable in Delaware.

MERGER MYTH #22:
Unclaimed SAG residuals will escheat to the state of Delaware because SAG-AFTRA will be incorporated there.

MERGER FACT: Unclaimed residuals are typically held in trust by SAG for members or their beneficiaries to claim. AFTRA also maintains an "unable to locate" account for members who have unclaimed residuals and royalties. In the event that unclaimed residuals do escheat, they typically escheat to your last known state of residence. The state of incorporation of SAG-AFTRA will play absolutely no role whatsoever in determining whether unclaimed residuals are escheated or to which state.

MERGER MYTH #23:
SAG-AFTRA board members and officers will be paid for their service.

MERGER FACT: There is nothing in the SAG-AFTRA Constitution or the Merger Agreement that provides for officers or board members to be paid. There is, instead, clear language providing that an employee of SAG-AFTRA is not eligible to serve as a board member or officer of SAG-AFTRA. The language authorizing the National Board to interpret when someone has become an "employee" of the union is there to provide the National Board with flexibility that it needs to ensure that the financial sacrifices volunteer board members and officers may have to make as a result of their service do not go unreimbursed.

For example, even under the current SAG Constitution and By Laws, with the prohibitory language it contains, various forms of non-traditional expense reimbursement have been allowed, such as paying for child care or parental care incurred as a result of traveling on union business. Because our elected leadership is comprised entirely of volunteers who receive no pay for their work, it is important that the National Board have some flexibility in how it approaches this subject, lest we find ourselves in a situation where only well-heeled members can afford to serve their union and our rank-and-file is effectively excluded from union service.

MERGER MYTH #24:
Convention will allow a small number of members to control SAG-AFTRA by collecting lots of "proxy votes."

MERGER FACT: Actually, the SAG-AFTRA convention expands the ability for members who are not otherwise on the National Board to participate in the decision making of their union beyond the access that SAG's constitution now provides. The SAG-AFTRA Constitution (p. 14) expressly prohibits proxy voting. Each local will have a number of votes equal to the number of members in that local. The delegates from each local registered and attending Convention will share equally in that vote.

For example, if your local has 5,000 members, it will be entitled to 5,000 votes at Convention. If there are ten delegates registered and attending Convention on behalf of your local, each delegate will cast 500 votes. If there are twenty delegates registered and attending Convention on behalf of your local, each delegate will cast 250 votes. In that manner, each local's full voting strength will be represented at Convention regardless of how many delegates each local decides to send and no delegate can collect more votes than he or she would otherwise be entitled to based on the population of his or her local and the size of that local's delegation.

MERGER MYTH #25:
Convention is undemocratic and will insulate SAG-AFTRA from the will of the membership.

MERGER FACT: Convention will be the most representative body that SAG-AFTRA will have. Delegates elected from every local, collectively numbering in the hundreds, will gather every other year to discuss the key issues facing the membership, receive training on important skills, like organizing and participate in critical strategic planning for their union. Convention will provide an opportunity that would not otherwise exist for hundreds of rank-and-file members to be involved in the governance of their union.

MERGER MYTH #26:
SAG-AFTRA's leadership will all be elected at Convention.

MERGER FACT: **The President, Secretary-Treasurer, National Board members and Convention delegates of SAG-AFTRA will all be elected directly by the membership. The only exceptions are the Executive VP and the seven vice presidents representing various contract and geographic areas that are elected by members at delegate caucuses at Convention.**

MERGER MYTH #27:
Convention delegates are appointed.

MERGER FACT: **Convention delegates are directly elected by the members of each local.**

MERGER MYTH #28:
SAG-AFTRA will have the ability to conduct future mergers without member input because they can be approved at Convention.

MERGER FACT: **It is completely normal to provide that Convention can approve future mergers. Not every merger will rise to the level of merging AFTRA and SAG.** A merger can be as small as merging a single bargaining unit of a dozen employees who have their own union into SAG-AFTRA, which should not entail the significant six-figure expenditure of dues money required to conduct a mail

referendum of the entire membership.

Allowing Convention to make this decision instead is appropriate because Convention will be the most representative body that SAG-AFTRA will have. There will be delegates present from every local, together numbering in the hundreds. These delegates will be elected by rank-and-file members from each local and will carry their voices into the room.

Finally, the SAG-AFTRA Constitution also provides for approving a merger through a membership referendum, so that if there is another merger in the future on the scale of merging SAG and AFTRA, that can absolutely be submitted to the membership for its direct approval.

MERGER MYTH #29:
Los Angeles will have reduced representation in SAG-AFTRA.

MERGER FACT: **Hollywood will elect board members and Convention delegates in proportion to the number of members in the Los Angeles local, just like every other local in the union.**

MERGER MYTH #30: Young performers will have less representation in SAG-AFTRA because the SAG-AFTRA Constitution does not provide for a Young Performers' Committee.

MERGER FACT: **While it is true that the SAG-AFTRA Constitution does not specifically provide for a Young Performers' Committee, it does provide for the ability of the National Board to create one. The current Screen Actors Guild Constitution and By Laws do not provide for a Young Performers' Committee either, yet we still have one.** The Constitution sets up the process for creating the committees. The National Board then carries that process out. We have every expectation that the National Board of SAG-AFTRA will create a Young Performers' Committee. Performers under the age 18 will be eligible to serve on that committee, just as they are now for SAG.

MERGER MYTH #31:
If merger passes, members will lose their right to vote on contracts that are not industry-wide and do not affect a substantial portion of the membership. This means that SAG-AFTRA will make "custom" deals for each employer rather than implementing "industry-wide" contracts.

MERGER FACT: The language in the proposed SAG-AFTRA Constitution that allows the National Board or the National Executive Committee to ratify, by a 60% vote, contracts that are "not to be used in widespread or industry-wide application affecting a substantial portion of the membership" is taken verbatim from the current Screen Actors Guild Constitution and By Laws. The fact that the SAG National Board has chosen not to bargain employer-by-employer in basic cable and to instead pursue an "industry wide" approach was the result of a policy decision by the National Board, not the result of a

limitation contained in the SAG Constitution and By Laws. **The SAG-AFTRA National Board has the same authority and discretion and will be free to pursue an "industry wide" policy if it determines that to be in the best interests of the membership.**

MYTHS ABOUT SAG-AFTRA'S STAFF & OPERATIONS

MERGER MYTH #32:
SAG and AFTRA employees are guaranteed to keep their jobs after merger.

MERGER FACT: **The merger proposal does not anticipate laying off staff members as part of the merger, which is different than saying that all staff members are guaranteed to keep their jobs. Staff members will be subject to losing their jobs for all the same reasons that exist now.**

MERGER MYTH #33:
SAG-AFTRA will be bloated with too many employees.

MERGER FACT: **We are not proposing merger to create a union that will do less. We expect that SAG-AFTRA will continue delivering high-level member service and pursue new, resource-intensive endeavors, particularly in the area of organizing.** Achieving our goals in the myriad areas of the entertainment and media industries that SAG-AFTRA will cover will require the hard work of every last one of our employees. The merger plan provides for savings through attrition to ensure that important work currently in progress is not interrupted, and for elimination of duplication that now exists — for example two sets of board meetings, two sets of mailings, etc.

MERGER MYTH #34:
SAG-AFTRA will charge fees for processing residuals.

MERGER FACT: **There is no absolutely no intent to charge members for the processing of residuals, whether foreign or domestic.** In fact, because residuals checks are made directly payable to you (or your loan out) by your employer, there is no chance of a processing fee deduction for typical residuals processing because the checks are never deposited into a trust account—they are simply forwarded to you.

The language authorizing the SAG-AFTRA National Board to charge administrative fees is focused on the collection and distribution of foreign royalties, which are completely separate and distinct from foreign residuals. In fact, as to foreign royalties, this would not represent any change from SAG's current policy, since SAG already charges an administrative fee to offset the cost of collecting and distributing those funds. It is also designed to authorize, as is already done today, administrative fees to be charged for the collection and distribution of certain royalties for foreign and domestic digital performances of sound recordings, which is a rapidly evolving field.

For years, AFTRA and SAG National Board members and others have inquired whether it might be possible to require non-members in so-called "Right to Work" states to pay for union services such as the processing of residuals checks. In those states, the unions are legally required to provide union services to non-members working under SAG or AFTRA contracts even though those non-members pay absolutely nothing in fees or dues to AFTRA or SAG. As you might imagine, this circumstance is galling, particularly for members in those states who pay their dues only to have non-members working the same jobs freeload off of them and receive the same services for free. Addressing this inequity will be complex and legally fraught. The language of the Constitution is drafted, however, to leave open the possibility that we might someday be able to require non-members in so-called "Right to Work" states to pay for the services they receive from the union.

Those who remain concerned about the administrative fee language in the proposed SAG-AFTRA Constitution should also understand this: There is nothing in the current SAG Constitution and By Laws that would prevent the SAG National Board from charging a fee to process residuals, yet at no point has SAG ever sought to charge such a fee. That is because it has been well understood for decades that members already pay dues on their residuals and that those dues pay for the processing. There is no reason to believe that understanding will change in SAG-AFTRA.

MYTHS ABOUT SAG-AFTRA MEMBERSHIP & DUES

MERGER MYTH #35:
If merger passes, dues will increase.

MERGER FACT: Not necessarily. Base dues for dual card holders will fall nearly 20 percent, from $243 to $198 per year. With our work increasingly divided, it's harder than ever to make a living without belonging to both unions, so for more and more of us SAG-AFTRA dues represent a savings. **Although $198 per year would mean an increase in base dues for single card holders, the work dues paid by most middle-class actors will fall, while high-earners will make a greater contribution.**

MERGER MYTH #36:
If merger passes, SAG and AFTRA members will need to pay a fee to remain members of SAG-AFTRA.

MERGER FACT: This is incorrect. **If merger passes, all members of AFTRA or SAG will automatically become members of SAG-AFTRA. No additional initiation fee shall be required.**

MERGER MYTH #37:
Members on payment plans will have to make all remaining payments before the merger vote.

MERGER FACT: **Members on payment plans will not have to make remaining payments before to merger vote.** They will become members of SAG-AFTRA regardless of whether they complete their payment plan, but will be obligated to continue making payments to SAG-AFTRA pursuant to the terms of their payment plan. Members must be in good standing as of January 30th to receive a merger referendum ballot.

MYTHS ABOUT THE MERGER PROCESS

MERGER MYTH #38:

The merger proposal is the result of a rushed, secretive process with little member input.

MERGER FACT: **This merger process was the result of a grass roots membership mandate and participation from both memberships during the past two and a half years.** In September 2009, Ken Howard was elected Screen Actors Guild President on a platform focused directly on the need to unite SAG and AFTRA. In subsequent elections in both unions, pro-merger candidates were overwhelmingly elected by members to both national boards and in local leadership positions across the country.

In April 2010, AFTRA National President Roberta Reardon and AFTRA's top elected leaders published an open letter in AFTRA Magazine reaffirming their longstanding commitment to create one media and entertainment union for all performers, recording artists and broadcast professionals.

In July 2010, Presidents Howard and Reardon established the Presidents' Forum for One Union to facilitate discussions between leaders of the two unions to establish a common vision for a single, new national union and a process to unite AFTRA and SAG. The Presidents Forum held its first meeting on October 21, 2010 in Los Angeles, and established the concept of the Presidents' Forum Listening Tour to seek direct input from members of SAG and AFTRA.

The first Listening Tour was held in November 2010 and by April 2011 the Presidents Forum had held over 20 Listening Tours in 13 cities to speak directly with members about their needs, concerns and hopes for how their union could better support and protect their professional lives in the 21st century. The Listening Tours included cross sections of members from different work categories, different demographics, different career experiences and differing political viewpoints, who expressed their views. Throughout this process, the Presidents heard resoundingly from members of both unions that a merger of AFTRA and SAG would be beneficial.

In early April 2011, the Presidents' Forum unanimously recommended a draft mission statement for SAG-AFTRA. On April 30 and May 14, respectively, the Screen Actors Guild and AFTRA National Boards unanimously passed a motion to create the SAG Merger Task Force and the AFTRA New Union Committee. Each board also adopted the Mission Statement for the successor union.

During the weekend of June 17-19, 2011, AFTRA and SAG convened the first formal face-to-face discussions between the SAG Merger Task Force and the AFTRA New Union Committee, meeting together as the AFTRA and SAG Group for One Union (G1). The G1 established workgroups to discuss six key areas that rank-and-file members identified as important during the Listening Tour: Governance & Structure, Finance & Dues, Collective Bargaining, Pension, Health & Retirement, Operations & Staff, and Member Education & Outreach. These discussions continued throughout the summer, fall and winter of 2011.

The G1 was comprised of members representing all work categories and AFTRA Locals and SAG Branches of all sizes. In addition to the 58 members and alternates to the G1, the individual work groups were supplemented by members with expertise in certain work areas to assist the G1 in considering the best plan to address the diverse needs of a combined membership.

The enclosed Merger Agreement and SAG-AFTRA Constitution are the result of these efforts and were overwhelmingly approved by the elected members of the AFTRA National Board on January 28 and the elected members of the SAG National Board on January 27. Both National Boards overwhelmingly recommend your YES vote on the merger of SAG and AFTRA.

MERGER MYTH #39:

There is no need to merge now because our contracts don't expire until 2014 anyway.

MERGER FACT: In fact, one of our most vital, bread-and-butter sets of contracts—the Commercials Contracts—will be renegotiated this fall. This will be a watershed negotiation: Management will be pushing us to implement a completely new system for paying principal performers in national commercials and, even more importantly, seeking to revisit the very definition of what constitutes a commercial in order to free themselves to make more advertising content for the Internet and other new media platforms outside of our contracts. It is crucial that we bring maximum leverage to bear on these negotiations and we can only do that as one union.

Furthermore, the problem of management aggressively dividing our work in the area of television is a year-round problem that continues in between negotiations as our unions compete to sign new shows, particularly for basic cable. This means that the "split earnings" problem that keeps so many people from qualifying for benefits will continue as well.

Finally, the truth is that spending more time and dues money developing yet another merger proposal will not result in a better proposal. As described in response to the previous myth, this merger proposal was the result of an arduous process that lasted over two years, involved hundreds of members from around the country and included the input of a diverse and highly-qualified group of staff experts. **Serious efforts to merge these two unions go back more than 30 years and members have suffered**

significantly in the interim. This is the merger proposal for members have been waiting for and now is the time to approve it.

MERGER MYTH #40:
Management is in favor of merger.

MERGER FACT: **There is no indication that management favors merger and every reason to believe that management would prefer the status quo.** After all, who has profited from the ability to aggressively divide our work across two unions? Who benefits from the ability to play one union off against the other to reduce our terms and conditions of employment? Not the members. Not the unions. That leaves management as the big winner! Management understands fully that a merged union will not be vulnerable to these tactics and will have combined points of leverage throughout their corporate structures, making a merged union a far more effective adversary across the bargaining table.

BONUS MERGER MYTH: IGNORANCE IS BLISS.

Opponents of merger will tell you that if you don't know, you must vote no. This simplistic argument actually encourages ignorance and laziness: You have a responsibility as a union member to understand the issues that affect your professional life. If you don't take the time to educate yourself and cast an informed vote, that ignorance will not protect you from the consequences of a bad decision.

So if you don't know—ask! You can find additional materials and the times and dates of informational meetings in your area at www.sagaftra.org. You can also send questions to oneunion@sagaftra.org or call your local office.

Learn as much as you can before you cast your ballot and **VOTE YES** on merger.