

FREQUENTLY ASKED QUESTIONS**What's new in the 2019 Commercials Contracts?**

A Summary of New Provisions for the 2019 Commercials Contracts is available at sagaftra.org/commercials2019.

This document details the gains and offers more specifics on the alternative compensation models. Here are some highlights:

- New Upfront Use Packages provide performers with substantial upfront payments, creating simple, flexible and predictable structures for employers that positions SAG-AFTRA to cover more work opportunities under the contract.
- Across-the-board wage increases of 6 percent (applicable to all categories of work, including background).
- Increased funding to the health and retirement/pension plans estimated at \$22.2 million.
- Protections against sexual harassment.
- Coverage of stunt coordinators.
- Outsized gains to group dancers.
- Streamlined and radically improved renegotiation process for commercial agents representing SAG-AFTRA members.
- Alternative compensation structure for the Audio Contract features improved session rate and radically simplified use fees that better position the union to grow work opportunities.

What are Upfront Use Packages?

A revolutionary step in modernizing the Commercials Contracts, and available only to signatory advertisers and ad agencies, Upfront Use Packages provide an innovative and modern approach to pay commercial residuals. It is a streamlined model that is flexible and predictable for both employer and performer, offering the same performer protections with a simplified pay structure. They include three options: Upfront Use Plus, Upfront Use Flex and Upfront Use Digital. Under this new model, performers are paid for usage upfront, and provides the employer the knowledge of what the commercial will cost before it is made.

What is included in the Upfront Use Plus?

- Session fees are paid per the main contract, and may not be credited towards use;
- A \$20,000 payment upfront for one year of use for on-camera principal performers; (all other categories paid at the same percentage as the session fee);
- Guarantee due within 60 calendar days of first production day;
- Includes up to 10 Class A airings and all other use types. Additional Class A uses may be purchased for \$100 per on-camera principal per use with no declining scale, no reset of units and no discounts for guarantees or length;
- The MPU (maximum period of use) is one year;
- Exclusivity: Exclusivity: An additional 25% for the first noncompetitive product; 15% for the second non-competitive product; 10% for the third non-competitive product; and 200% for all non-competitive products beyond 3;

What is included in Upfront Use Flex?

- Session fees are paid per the main contract, and may not be credited towards use.
- An \$8,000 payment upfront for one year of use (all other categories paid at the same percentage as the session fee);
- Guarantee due within 60 calendar days of first production day;
- Use is credited against the guarantee until exhausted, at which point the rates below will be paid in addition to the guarantee:
 - Each 13-week cycle of use is paid or credited as follows:
 - All Cable and Local Cable - \$3,400

- All Wild Spot and Local Cable - \$2,000
- All Digital (Internet and New Media, Over the Top platforms including but not limited to Hulu) - \$1,300
- All Spanish Language - \$2,000
- All Other (Industrial, Dealer, ITN, Diginets, Class B and C) - \$1,000
- Class A uses may be credited or purchased for \$100 per use with no declining scale, no reset and no discount for guarantees or length;
- Foreign use may be purchased at 60% of the rates set in the main contract for both English and Spanish markets;
- MPU (maximum period of use) is one year;
- Exclusivity: An additional 25% for the first noncompetitive product; 15% for the second non-competitive product; 10% for the third non-competitive product; and 200% for all non-competitive products beyond 3;
- Reporting: Payments made under the Upfront Flex option must be accompanied by a check stub showing the cumulative use and payments to the date of the check. If no payments are made within the first 26 weeks of the MPU, then a zero check with the use to that point shall be issued along with the remaining balance.

What is included in Upfront Use Digital?

- Session fees are paid per the main contract, and may not be credited against use;
- A \$3,825 payment upfront for one year of use for on-camera principal performers; (all other categories paid at the same reduced percentage as session);
- Use fee due within 60 calendar days of first production day;
- Upfront Use Digital includes the right to use on the internet, including Over-the-Top platforms, and New Media;
- For Foreign and Industrial use, the payment is 60% of the scale rates identified in the agreement;
- Consent of any principal performer is required prior to any television use;
- MPU (maximum period of use) is one year;
- There is no exclusivity under Upfront Use Digital;

What do the new editing changes under Upfront Use Packages look like?

Editing provisions were created that may only be used with the Upfront Use Packages. Edits per this section are changes to the visual or aural elements of a commercial. Edits have been divided into three types (Permitted, Paid and Addressable). If a commercial does not fall within the editing provisions below, it shall be considered a new commercial for use purposes.

- Permitted Edits (no additional payment is due)
 - Longer/Shorter Versions;
 - Legal/Network Requirement, Dealer Identification and Tag Changes;
 - Rearrangement of On-Camera Material;
 - Changes to the Off-Camera Message;
 - Foreign Language Voiceovers;
 - Special Offers and Promotions.
- Paid Edit (see Summary or MOA for payment amounts)
 - The product may be changed to another product in the same line or a variation of the same product;
 - A change in setting or an additional session is allowed provide such change can be made on the same production day by use of CGI or green screen. Changing sets or locations are not allowed.
- Addressable Edits (specifically produced to show multiple variations, each of which will be inserted at the level of individual households)
 - The changes made must be from footage and soundtrack is taken from the original production and the change does not create a new commercial concept or message;
 - Additional compensation will be paid to performers appearing in such addressable edits (see Summary or MOA for payment amounts);
- Unpermitted Edits (new commercial for use purposes)
 - The concept, message or basic idea has been changed;
 - An additional on-camera principal, product or brand is introduced beyond the scope allowed under Permitted or Paid Edits

What's new in the 2019 Audio Contract?

A flexible alternative compensation model features increased session rates and extremely simplified use fees. With a session fee of \$350, the use payments in the new flexible model are determined by three simple factors:

- Will the spot be aired: Nationally, Regionally, or by City/Market?
 - Will it air on Terrestrial or Digital?
- How long the spot will be aired: 4-week, 8-week, 13-week, 6-months, 1-year? Please see the Summary of New Provisions and accompanied chart for detailed usage rates.

What about the main Commercials Contracts? Do the Upfront Use Packages replace them?

No. This alternative compensation model is an addition to our Commercials Contract, not a replacement for it. Producers now have two avenues to choose from. Once they pick a lane, they are required to stay in that lane for the entire MPU (maximum period of use). Together, the combination of both models make it possible for SAG-AFTRA to be more competitive by offering unique payment structures to meet the needs of an evolving advertising industry.

If approved, when will the new changes go into effect?

Upon ratification by the membership, these new agreements will become effective April 1, 2019, and will remain in force through March 31, 2022. The new contracts will include increases in minimum rates retroactive to April 1, 2019, and payable within 30 days of ratification. The new Upfront Use Packages will be available on June 1, 2019.

What is the recommendation of the National Board regarding the 2019 Commercials Contracts tentative agreement?

On April 13, 2019, the SAG-AFTRA National Board met and reviewed the agreements, unanimously voting to approve. The National Board is pleased to recommend you VOTE YES to ratify the 2019 SAG-AFTRA Commercials Contract and the 2019 SAG-AFTRA Audio Commercials Contract (“Commercials Contracts”).

How can I vote for the 2019 Commercials Contracts if I lost my PIN number?

You may retrieve your PIN number at the voting website www.ivsballot.com/commercials2019 by clicking “Find my PIN”. All eligible SAG-AFTRA members were mailed a postcard on April 17, 2019 with instructions and a PIN number on how to vote online or how to request a paper ballot. If necessary, you can retrieve your PIN number at the voting website by clicking “Find My PIN”.

What is the deadline to vote for the 2019 Commercials Contracts?

Ballots – whether submitted online or by mail – must be received by 5 p.m. PDT on Wednesday, May 8, 2019. Responses will be tallied and announced that evening.

Why do we need a new type of payment structure?

Together, the combination of both models make it possible for SAG-AFTRA to be more competitive in the new age of digital advertising by offering different payment structures to meet the needs of an evolving advertising industry.

Why is it important to streamline the renegotiation process?

For many years, agents have been responsible for sending out letters of intent to renegotiate when a commercial's MPU (maximum period of use) is set to expire. This is administratively burdensome and sometimes leads to a situation where the signatory cannot locate the renegotiation letter and the commercial is rolled into the new MPU at the old scale rate. This new process puts the responsibility for renegotiation on the signatory, which will also prove beneficial to those members without agents. For work produced under the 2019 Commercials Contracts, the signatory will reach out to the performer/performer's representative to negotiate for a subsequent MPU.

Why should I vote YES for the 2019 Commercials Contracts ratification?

The 2019 Commercials Contracts are landmark agreements for a new era, introducing innovative and flexible alternative compensation models that specifically address the realities of the modern advertising business while preserving and enhancing opportunities for actors to maintain a professional career. Here are some highlights:

- New Upfront Use Packages provide performers with substantial upfront payments, creating simple, flexible and predictable structures for employers that positions SAG-AFTRA to cover more work opportunities under the contract.
- Across-the-board wage increases of 6 percent (applicable to all categories of work, including background).
- Increased funding to the health and retirement/pension plans estimated at \$22.2 million.
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The new and innovative improvements will only go into effect if SAG-AFTRA members vote YES to approve the new contracts. Voting YES guarantees that the terms become a new collective bargaining agreement for the next three years.

In the 2019 Commercials Contracts, is there an impact for SAG-AFTRA members outside of Los Angeles, New York and Chicago?

Yes, there is an impact for SAG-AFTRA members outside of Los Angeles, New York and Chicago. The new compensation models offer more options for smaller advertisers to shoot union commercials in regions outside of the major markets.

What are the ways I can show my support during the 2019 Commercials Contracts ratification window?

SAG-AFTRA members can show their support by helping the union spread the word! Find sharable graphics urging voter participation online at sagaftra.org/commercials2019. Members can use these assets to post and spread the word with pride that they have voted YES!

Where can I get more information on Commercials and access old contracts and rate sheets from previous negotiations?

Visit the SAG-AFTRA Production Center, sagaftra.org/commercials, to learn more about commercials contracts and access downloadable forms.

How and when will the 2019 Commercials Contracts ratification take place?

Ballots – whether submitted online or by mail – must be received by 5 p.m. PDT on Wednesday, May 8, 2019.

Vote today at www.ivsballot.com/commercials2019

How can I request a paper ballot for the 2019 Commercials Contracts?

If you do not wish to vote online, you may request a paper ballot by calling Integrity Voting Systems (IVS) toll free at (844) 798-3760 before noon PDT on Friday, May 3, 2019 and a paper ballot package will be mailed to you. Ballots – whether submitted online or by mail – must be received by 5 p.m. PDT on Wednesday, May 8, 2019.

I have a question not covered in the FAQ about the 2019 Commercials Contracts.

Where can I go for additional assistance?

The Summary of New Provisions and materials have been placed on SAG-AFTRA's website at sagaftra.org/commercials2019. If you have reviewed the provisions, FAQs and available materials and need additional information, SAG-AFTRA has scheduled member informational meetings April 23-25, 2019. You may also email questions to commercialscontracts@sagaftra.org or call (323) 549-6653.

How do I vote for the 2019 Commercials Contracts?

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I can't locate my postcard with the PIN number to vote for the 2019 Commercials Contracts, how can I vote?

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How do I find out more about the 2019 Commercials Contracts?

Review the Summary of New Provisions and materials that have been placed on SAG-AFTRA's website at sagaftra.org/commercials2019 as well as these FAQs. If you need additional information, SAG-AFTRA has scheduled member informational meetings April 23-25, 2019. You may also email questions to commercialscontracts@sagaftra.org or call (323) 549-6653.

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