

**Kim Roberts Hedgpeth**  
Executive Director

June 29, 2018

Dear Participating Musician/Beneficiary,

I am extremely pleased to include your July 2018 residual distribution from the Film Musicians Secondary Markets Fund. This is a residual payment made to you by the Motion Picture and Television Producers who are operating under the AFM Basic Theatrical Motion Picture Agreement and/or the AFM Basic Television Motion Picture Agreement negotiated by the American Federation of Musicians. As you'll note, because July 1<sup>st</sup> falls on a Sunday this year, this distribution is being issued on the last weekday in June.

This has been another banner year for Fund Participants. The Fund's collections for the fiscal year have exceeded all prior years and, for the first time, broke the threshold of \$100 Million. For the fiscal year ending March 31, 2018, the FMSMF collected residuals of more than \$107 Million, surpassing the record set in Fiscal Year 2017 of \$98.4 Million. The positive growth in residuals collected by the FMSMF during the past several years reflects the secondary market popularity of AFM covered films, television programs and new media content that feature the talents of professional musicians.

**UPDATED BENEFICIARY PROCESS TO EMPOWER MUSICIANS:** Updates to the Fund's processes and policies were announced in December 2017 and are designed to keep pace with evolving and more complex laws, security and verification requirements. More importantly, the Beneficiary policy updates are designed to better empower participant Musicians by providing them with the ability to name both a Beneficiary and a Musician's Final Beneficiary (formerly known as a "Beneficiary of Beneficiary"). The ability of the Musician to name this "Musician's Final Beneficiary" is new, and can only be recorded and administered by the Fund if a Musician completes an updated Beneficiary Designation Form and returns it to the Fund.

You can find more information about the Fund's updated Beneficiary policies by visiting the Fund's website at <https://www.fmsmf.org/beneficiary>. Please contact us toll free at (888) 443-6763 with any questions or concerns you may have.

**REQUIRED PAYMENT TO AFM PENSION FUND:** On the reverse side of this letter, you'll note there is a new format for the Unaudited Summary of Financial Activities for the fiscal year. It reflects that this is the first fiscal year in which the Fund forwarded a payment to the AFM-Employers Pension Fund ("EPF") as now required by the 2015 AFM-AMPTP collective bargaining agreements, as extended. This payment became effective for the FMSMF in October 2017, so the amounts listed reflect payments to the EPF for the 3<sup>rd</sup> and 4<sup>th</sup> quarters of the FMSMF's 4/1/17-3/31/18 fiscal year. Next year's statements, for Fiscal Year 2019, will reflect a full twelve-month allocation and remittance to the EPF.

**ENHANCED COMMUNICATIONS:** We hope that you're already receiving *Music Notes*, the Fund's e-newsletter which is emailed to participants several times each year. If not, this is a great time to ensure the Fund has your current email address. Also, if you are a current AFM member, please look for news and information from the Fund which is published in *International Musician* from time to time to provide updates to working musicians. And, if you have not already done so, please be sure to follow us on Facebook!

A general overview of the Fund's fiscal performance is provided in the Unaudited Summary of Financial Activities found on the reverse side of this letter. The final independent auditor's financial report for Fiscal Year 2018 will be available on the Fund's website later this year.

*(Please see reverse side)*

## Unaudited Summary of Financial Activities

Estimates as of July 1 for FYE March 31, 2018

	<b>Fiscal Year Ended 3/31/18</b>
Collected Contributions	\$107,442,132
Required contribution to AFM Employers Pension Fund	(817,559)
Amounts set aside pending verifications	(1,528,893)
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Contribution available for distribution	\$105,095,680
Operating Expenses*	(7,705,565)
Retired unclaimed distributions	2,017,763
Interest/Dividends earned after expenses	1,370,173
Required contribution to AFM Employers Pension Fund on net earnings	(9,659)
Cost Basis Adjustment on Investments	(158,399)
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Available for distribution after Adjustments	\$100,609,993
Estimated Employers' share of payroll taxes	(6,700,000)
Reserve for omissions**	(1,466,565)
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Projected Distribution Amount	<u>\$92,443,428</u>
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<i>Note:</i>	*Expenses include disbursement of \$1,250,576 to Participants of previous years' retired unclaimed distributions. ** New beginning balance of \$1,750,000 set for Sept. 2018 omissions

Enclosed with this mailing you will also find:

- A check (or Direct Deposit voucher) for your share of the annual disbursement.
- Your individual Participant's Statement.

Please note that the enclosed check is valid for a period of **90 days** from the date of issue and cannot be cashed beyond that time. We will be happy to reissue checks that expire.

If you have questions or if we can be of service, please feel free to contact us toll-free at 888-443-6763 and follow the prompts to speak to a Participant Services Associate, or email us at [participantservices@fmsmf.org](mailto:participantservices@fmsmf.org).

On behalf of the staff at the Fund, we look forward to continuing our work on behalf of the Fund's Participants, and welcome your feedback on how we can better serve you and the motion picture music community as a whole.

Each year, new films and television programs report in to the Fund for the first time and new musicians are added to the Fund's rolls as a result of new scoring work on these projects. We thank all musicians, new and returning, for your contributions to the motion picture and television industry and wish you continued success.

Sincerely,

*Kim Roberts Hedgpeth*

Executive Director