

WHO WE ARE...



Film Musicians Secondary Markets Fund

Film Musicians: Assisting and working with the American Federation of Musicians and producers to make great film scores...great!

Secondary Markets: The FMSMF covers ONLY the "Secondary Markets" and NEVER any Primary Market--NEVER FROM DOMESTIC OR FOREIGN BOX OFFICE.

Fund: Operates similarly to a not-for-profit with virtually all of the residual payments collected being disbursed to the musicians who help create music for film.

SECONDARY MARKET	PRIMARY MARKET
DVD /VHS, Pay Cable TV (premium channel), and Free Television(network, syndication, basic-cable)	Theatrical Film
DVD /VHS, Pay Cable TV, and In-Flight	TV Film or TV Series
Free TV	Home Video(Pay TV/DVD/VHS)

YOU'VE GOT QUESTIONS...WE'VE GOT ANSWERS

Question: How does the Film Musicians Secondary Markets Fund assist the American Federation of Musicians and how does the FMSMF assist producers (from the Studios to the smallest independents)?

Answer: The American Federation of Musicians, including Local 47 here in L.A., is home to some of the most talented studio musicians in the world. Music is so important to the success of every movie. When a film moves into the secondary markets and pays into the FMSMF, the FMSMF processes all of the paperwork for every musician regarding payroll taxes and benefits and makes certain the musicians receive their residuals. A producer pays with one check to the FMSMF and everything is handled from there.

Question: That sounds expensive...how is the contribution due the FMSMF calculated?

Answer: When a film is scored using members of the American Federation of Musicians, a producer has taken a giant step toward making his/her movie more desirable. For this privilege, the producer owes only (generally) 1% of the Producer's Gross AND that 1% is only due when the revenue received is directly from the supplemental market(s). For example, a film that makes \$100,000 in DVD sales would owe the FMSMF a mere \$1000.

Question: What else should I know about the FMSMF?


Answer: Well, all residual contributions are made before income taxes are paid on revenue, thus reducing IRS obligation. Also, by executing a Buyer/Distribution Assumption Agreement, a producer can transfer and/or terminate residual obligations, as is routinely done with DGA and SAG.


Question: When do contributions to the FMSMF begin?


Answer: Contributions to the FMSMF are to begin on or before 60 days after the end of a calendar quarter in which those payments were accrued.


Question: Can you site some examples of typical employer contributions based on a film's applicable secondary market activity?

Answer: Some examples:

 *A 2000 Low Budget Independent film with a domestic box office gross of \$58 million, foreign box office of \$5 million - none of which resulted in any payments to the Fund - has contributed a cumulative total of \$260,000 to the Fund, but only as a result of pay TV, free TV and substantial DVD revenues.*

 *This 1994 "thriller" feature generated a domestic box office gross of \$16.6 million, and foreign box office of \$14.9 million, and has contributed a cumulative total of \$94,000 to the Fund.*

 *A major studio 1998 international "action" feature with a domestic box office gross of \$202 million and foreign box office of \$350 million, plus millions more in DVD and TV sales has yielded contributions to the Fund of \$1,460,000 to date.*

 *A 1998 theatrical release with a domestic box office gross of \$6.3 million has yielded contributions to the Fund of \$36,500 to date.*

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The Film Musicians Secondary Markets Fund is governed as a multi-employer alliance trust in accordance with the terms and conditions of the AFM Basic Theatrical Motion Picture Agreement and the AFM Basic Television Motion Picture Agreement. This document offers only a very general overview of the formula for paying residual contributions and nothing in it supercedes the provisions of those Agreements.