

PENSION FUND NOTES

Volume XVI
Number 1
Winter 2006

American Federation of
Musicians and Employers'
Pension Fund

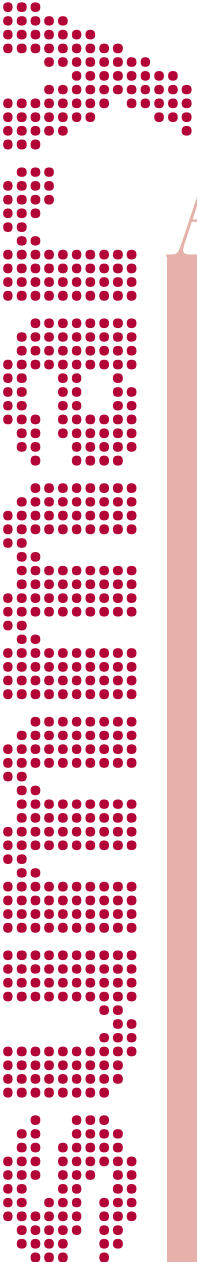


IMPORTANT INFORMATION INSIDE THIS ISSUE

The Summary Annual Report for the AFM-EPP
Year ended March 31, 2005
appears in this issue of Pension Fund Notes.

It is very important
that you read this information carefully.
Please contact the Fund Office with any questions
that you may have about it.

ANNUAL REPORT



**This is a summary
of the annual report for the
AMERICAN FEDERATION OF
MUSICIANS & EMPLOYERS'
PENSION FUND (the "Plan"),
EIN 51-6120204, Plan No. 001,
for the period April 1, 2004
through March 31, 2005
(the "Plan Year"). The annual
report has been filed with the
Internal Revenue Service,
as required under the
Employee Retirement Income
Security Act of 1974 (ERISA).**

Basic Financial Statement

Benefits under the Plan are provided through a trust fund. Plan expenses for the Plan Year were \$101,507,073. These expenses included \$17,472,367¹ in administrative expenses and \$84,034,706 in benefits paid to participants and beneficiaries. A total of 45,904 persons were participants in or beneficiaries of the Plan at the end of the Plan Year, although not all of these persons had yet earned the right to receive benefits.

The value of Plan assets, after subtracting liabilities of the Plan, was \$1,705,109,656 as of March 31, 2005, compared to \$1,651,482,533 as of April 1, 2004. During the Plan Year the Plan experienced an increase in its net assets of \$53,627,123. This increase includes unrealized appreciation or depreciation in the value of Plan assets; that is, the difference between the value of the Plan's assets at the end of the year and the value of the assets at the beginning of the year or the cost of the assets acquired during the year. The Plan had total income of \$155,134,196 including employer contributions of \$47,692,278, gains of \$52,997,950 from the sale of assets and gains from investments of \$54,443,968.

Minimum Funding Standards

An actuary's statement shows that enough money was contributed to the Plan to keep it funded in accordance with the minimum funding standards of ERISA.

Your Rights To Additional Information

You have the right to receive a copy of the full annual report, or any part thereof, on request. The items listed below are included in that report:

1. An Accountant's report;
2. Assets held for investment;
3. Transactions in excess of 5% of the Plan assets;
4. Actuarial information regarding the funding of the Plan; and
5. Information regarding any common or collective trusts, pooled separate accounts, master trusts or 103-12 investment entities in which the Plan participates.

To obtain a copy of the full annual report, or any part thereof, write or call OFFICE OF THE EXECUTIVE DIRECTOR, AMERICAN FEDERATION OF MUSICIANS & EMPLOYERS' PENSION FUND, ONE PENN PLAZA, NEW YORK, NY 10119, (212) 284.1314.

The charge to cover copying costs will be \$17.50 for a full annual report, \$.10 per page for any part thereof.

You also have the right to receive from the Executive Director, on request and at no charge, a statement of the assets and liabilities of the Plan and accompanying notes, or a statement of income and expenses of the Plan and accompanying notes, or both. If you request a copy of the full annual report from the Executive Director, these two statements and accompanying notes will be included as part of that report. The charge to cover copying costs given above does not include a charge for the copying of these portions of the report because these portions are furnished without charge.

You also have the legally protected right to examine the annual report at the main office of the Plan at ONE PENN PLAZA, SUITE 3115, NEW YORK, NY 10119 and at the U.S. Department of Labor in Washington, D.C., or to obtain a copy from the U.S. Department of Labor upon payment of copying costs. Requests to the Department should be addressed to: Public Disclosure Room, N-5638, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, D.C. 20210.

Should you have questions concerning this Summary Annual Report, please call William Luebking at the Fund Office: (212) 284.1314.

¹The \$17,472,367 consists of \$6,977,100 in investment related expenses and \$10,495,267 in other administrative costs.



OF 2005

Plan Assets as of April 1, 2004

plus 2004/2005 Plan Income

Employer contributions
Investment return on Plan assets
Realized gains from the sale
of Plan assets

minus 2004/2005 Plan Expenses

Benefits paid out to participants
and beneficiaries
Administrative expenses
(salary for Fund personnel,
payroll taxes & rent, benefit
check processing, depreciation,
PBGC premiums and other
insurance, legal, actuarial,
accounting fees, and other
administrative costs)
Investment advisory and
bank custody fees

equals Plan Assets as of March 31, 2005

Every year, the Fund publishes a Summary Annual Report (SAR). The basic purpose of this report is to show you the financial condition of your Fund—how much we had at the start of the year, what we took in, what we spent, and how much we had at the end of the year.

The official 2005 Summary Annual Report (SAR) for the American Federation of Musicians and Employers' Pension Fund appears within this Newsletter. This statement simply provides easy-to-read highlights of the information contained in your 2005 SAR.

How Much Money

SUMMARY ANNUAL

REPORT

\$ 1,651,482,533

How Total Plan Assets Relate to Plan Participants

The total number of participants in or beneficiaries of the Plan for the 2004–2005 plan year was 45,904.

This includes:

1. participants who are vested*,
2. participants who are not yet vested*,
3. retirees, and
4. beneficiaries.

As required by the Employee Retirement Income Security Act of 1974 (ERISA), the Plan's actuary has certified that enough money was contributed during 2004/2005 to maintain the present level of benefits provided by the Plan.

This statement is intended only as a highlight of the information contained in the official Summary Annual Report. It is not intended to replace or modify the official Annual Report, Summary Annual Report or the information provided by those Reports.

If there is a conflict between this statement and the Annual Report or Summary Annual Report, the information in those Reports shall prevail under all circumstances.

*When you become vested, you have earned a non-forfeitable right to a pension from the Plan when you retire. In most cases, participants become vested in their benefits after five years of covered employment.

+ \$ 155,134,196

47,692,278

52,997,950

54,443,968

[-] \$ 101,507,073

84,034,706

10,495,267

6,977,100

= \$ 1,705,109,656

IRA

IN THE AFM-EPF

A number of you have asked how participation in the AFM-EPF affects the contributions you may make to your individual retirement accounts (“IRAs”). Here’s some general information that should help you in understanding IRAs.

For tax years 2005 through 2007 you are generally permitted to contribute up to \$4,000 of earnings to a so-called “traditional” IRA each year until you reach age 70½. You may also have access to Roth IRAs (explained later) and Coverdell Education Savings Accounts. If your spouse is not working, you may contribute up to \$4,000 of your savings to your IRA and/ or up to \$4,000 of your earnings to a separate spousal IRA.

An individual who will be at least age 50 by the end of the tax year is allowed to make additional contributions, called “catch-up contributions,” to a traditional or Roth IRA. For 2005, the maximum annual amount of the catch-up contribution is \$500. After 2005 the maximum amount will be \$1,000.

Annual contributions to a traditional IRA and/or Roth IRA in excess of the allowable amount (e.g., \$4,000 or \$4,500 for 2005) could be subject to a cumulative 6% tax.

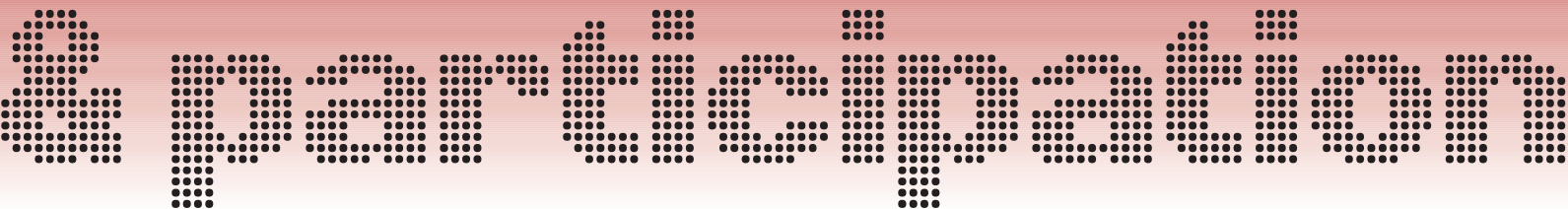
You can make your IRA contribution up to the due date of your tax return for the contribution year (without extensions)—that is, up to April 17, 2006 for contributions for calendar year 2005.

Traditional IRAs

Amounts that you contribute to a traditional IRA while you are participating in the AFM-EPF may be fully or partly deductible based on your modified adjusted gross income (that is, your adjusted gross income or “AGI,” which is gross income less certain deductions, modified in accordance with provisions of the Internal Revenue Code). For 2005, the \$4,000 limit is generally reduced 20 cents for each dollar of modified adjusted gross income in excess of \$50,000 (unmarried) or \$70,000 (married filing joint return). If your contribution is partly deductible see the chart following for limitations.

The limits on the deductibility of contributions to a traditional IRA for 2005 are set forth in the accompanying chart. Note that certain of the limits change every year, so if you are an active participant in the AFM-EPF and ineligible one year to make a deductible contribution, you still may be able to make a deductible contribution in a later year. If any part of your contribution is non-deductible, you should keep accurate records because when you withdraw these funds the non-deductible contributions will not be taxed to you (but earnings on those contributions will be taxed).

If your Modified Adjusted Gross Income for 2005 is:	Your Contribution for 2005 is:
Below \$70,000 (Married filing joint return)	Fully deductible
Below \$50,000 (Single or Head of Household)	Fully deductible
\$70,000–\$80,000 (Married filing joint return)	Partly deductible
\$50,000–\$60,000 (Single or Head of Household)	Partly deductible
\$0–\$10,000 (Married filing separate return)	Partly deductible
\$80,000 or more (Married filing joint return)	Not deductible
\$60,000 or more (Unmarried)	Not deductible
\$10,000 or more (Married filing separate return)	Not deductible



You should keep in mind that these limits apply only so long as you and your spouse are each an “active participant” under IRS rules in an employer-provided retirement plan such as the AFM-EPF. In general, under IRS rules (which differ from the Fund’s rules) you will be considered to be an active participant in the AFM-EPF starting with the first year you begin to participate and for any following year in which you earn vesting credit. If neither you nor your spouse is an active participant in an employer-sponsored plan, your entire contribution (up to the \$4,000 limitation explained above) will be deductible regardless of your adjusted gross income. If one spouse is an active participant in a retirement plan (and ineligible to make a deductible IRA contribution because of his or her AGI as mentioned earlier), but the other spouse is not an active participant, then the non-participant spouse may still be eligible to make a deductible IRA contribution up to \$4,000 to his or her IRA. However, the deductible IRA contribution will be phased out if adjusted gross income exceeds \$150,000 jointly computed (once AGI reaches \$160,000 then there is no deductible portion).

Earnings on the money that you contribute to your IRA generally are not taxable as long as the money stays in the IRA. Penalties apply if you start withdrawing money before reaching age 59½ (with certain exceptions) or after April 1 following the year in which you reach age 70½.

Roth IRAs

Instead of a traditional IRA, you may qualify to contribute to a Roth IRA. Contributions to a Roth IRA are not tax-deductible, but distributions from a Roth IRA are not taxable if the money has been held for at least five years and the distribution is due to death, disability, attaining age 59½ or qualified first-time homebuyer expenses. There is no mandatory withdrawal at age 70½ unlike in the case of traditional IRAs.

You may make a contribution to a Roth IRA whether or not you or your spouse is an active participant in a retirement plan such as the AFM-EPF, but only if your AGI is under certain limits. Consult your tax advisor for details. Roth IRAs are ideal for individuals who are active participants in a retirement plan and ineligible to make a deductible IRA contribution due to the amount of their modified AGI or who may be in a lower tax bracket and prefer the earnings to be completely tax-free and not just tax-deferred until distribution. You may also make a rollover from your traditional IRA to a Roth IRA depending on your modified AGI, but the amount rolled over is generally taxable in the tax year rolled over.

This article is not intended to supply you with personal tax advice or with complete information about participation in IRAs, such as the rules concerning withdrawing money from your IRA. The rules are very complex and are only summarized in this article. Therefore, you should consult with your accountant or tax advisor for more information and should not take any action based solely on this summary.

Remember that you can make your IRA contribution up to the due date of your tax return for the contribution year (without extensions)—that is, up to April 17, 2006 for contributions for calendar year 2005.

ACCEPTANCE OF LIMITED LIABILITY COMPANIES

In accordance with federal law, the Fund is permitted to accept pension contributions only if the contributions are made by an employer (or an authorized agent of the employer) on behalf of the employer's employees.

Where a musician is both employer and employee, the Fund has had to be careful to accept contributions only where a clear delineation can be made between the musician acting in the employer capacity and employee capacity. Accordingly, the Fund historically has not accepted contributions from a self-employed person or sole proprietor who is acting as his or her own employee (or from the spouse of such a person). On the other hand, the Fund will accept contributions from corporations on behalf of employees who are owners or part-owners of corporations, because the corporate structure provides a clear distinction between employer and employee functions.

In addition, to accommodate the growth of the limited liability company ("LLC") as an alternative to a personal service corporation, the Fund's Board of Trustees has decided to begin to accept contributions made by an LLC on behalf of its musician owners or part-owners, with one exception. The Fund is legally prohibited from accepting contributions from LLCs on behalf of owners or part-owners of LLCs who were members of the plaintiff class in the *Rochetti* lawsuit that was brought against the Fund and various AFM local unions in the late 1980s and settled in 1991.

An LLC wishing to participate in the Fund must complete an Addendum to the Participation Agreement or Collective Bargaining Agreement for Limited Liability Companies. The Addendum is available from the Fund Office, along with an accompanying worksheet to be completed with respect to each owner or part-owner for whom it wishes to make contributions to ensure that none is a member of the *Rochetti* class for whom contributions are prohibited.

Please contact the Fund Office at 212.284.1288 for further information or to obtain a copy of the Addendum and worksheet.

Information, please!

The regular telephone number
for the Fund is212.284.1200

The toll-free number800.833.8065

The regular business hours are 9 am to 5 pm, Eastern time, Monday through Friday. However, you may leave a message anytime at this toll-free number.

Retirement/Death/Disability/Beneficiary/ Change of Address Information and Pension Credit Inquiries

Select "1" on the automated phone menu

Other Related Organizations

Although the Fund works closely with these organizations, they are all legally separate entities. Please call them directly if you have questions that relate to one of these entities.

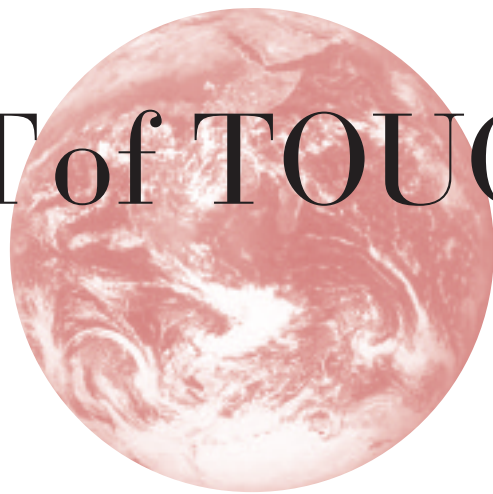
American Federation of Musicians212.869.1330
1501 Broadway, Suite 600
New York, NY 10036-5501

AFM Sound Recording
Special Payments Fund212.310.9400
570 Lexington Avenue
New York, NY 10022-6837

Film Musicians Secondary
Markets Fund818.755.7777
12001 Ventura Place, Suite 500
Studio City, CA 91604



OUT of TOUCH



The Benefits Department does not have a current address or contact number for these participants. Unfortunately, they will not be receiving this newsletter, or any other important announcements or information from the Fund. If you know anyone on this list, please have them contact the Benefits Department at One Penn Plaza, Suite 3115, New York, NY 10119-3115 or call 800.833.8065.

Name	Last Known Local	Name	Last Known Local	Name	Last Known Local	Name	Last Known Local
Aceves, Juan M.	802	Elworthy, Joseph	—	Lacey, Sharon	—	Salinas, Oscar	—
Agri, Pablo Antonio	—	Etheridge, Robert B.	—	Lambdin, Joel	269	Salvidge, Katherine Emma	47
Ajaye, Eric C.	47			Lamoreaux, Barbara C.	4	Sanchez, Amy M.	47
Axelrod, John N.	—	Faller, Sven	—	Loberg, Jeffrey	—	Schneider, Jeffr	—
Aznarez, Pablo Alejandro	—	Fearing, Scott M.	161-710	Long, Karen Goulding	47	Schoen, Anton Toni	47
Alterwein, Crystal	—	Ferrer, Macarena Del Pilar	148-462	Larson, Darrell	—	Siracusa, Robert	—
Alomar, Hector	—	Flowers, Phil	—			Slamka, Evan	—
		Fox, Damon D.	—	Madden, David	802		
Bailey, George Uppenhent	—			Mallone, Scott	—	Taylor, Michael Anthony	—
Baker, Connie L.	—	Gentry, Val G.	—	McNabb, John	—	Teitler, Katherine R.	9-535
Baker, Thomas L.	—	Genuardi, Damian G.	—	Morales, Pedro	4	Tennyson, Stephens L.	—
Balasooriya, Mahesh D.	70-558	Getfield, Robert G.	—	McKinney, Carlos	—	Thames III, James R.	257
Barlowe, Cary R.	—	Grobman, Bernard Michael	802			Tunca, Ozan	—
Bocher, Barry	—	Gueorguiev, Atanas S.	—	Nabonne, Warren Joseph	174-496		
Bulla, Luke R.	—	Gunnels, Clayton I.	—	Navone, Toni P.	677	Unrath, James S.	—
				Neal, Sharon Anne	47	Urbina, Jimmy E.	468
Cabral, Joseph D.	—	Hammann, James J.	—	Neff, Flaithri Eibhear	802	Urrecho, Unai	9-535
Cabrera, Juan A.	23	Hancock, Karen Kang	655	Neven, Jan Bastiaan	—		
Caine, Fern	655	Hanley, Jeffrey Michael	—	Nightengale, Florian Rass	—	Van Rooyen, Deanne V.	—
Carr, Sean	—	Hubbard, Cornice Elaine	—	Northam, Mark Edward	47	Vandermolen, Wendy Sue	1
Chase, Nancy S.	308	Hawn, William J.	—			Varner, James C.	47
Chegwidden, David J.	—			Oatts, Samuel	802	Vaszilcsin, Cristina P.	142
Clapp, Roger Lars	9-535	Iman, Jamal	—	Okonski, Alexander Bernard	—	Vines, Jerry L.	—
Chai, Noenoe Janellitta	—	Iraheta, Jose	—	Oldencott, Dean L.	—	Volz, Nicholas R.	174-496
				Olsson, Jimmy	—		
Degaetano, Veney	—	Jennings, Kevin M.	—			Washington, Reginald R.	—
Denman, Larry Gene	—	Joerger, Vhris A.	—	Page, Kimarie	—	Waskiewiez, Mike	—
Drimatis, Joanna C.	—	Johnson, William A.	—	Palmer, Lawrence T.	—	Wei, Mei-Mei	174-496
Duarte, Eloise	—	Jurjevich, Marta L.	174-496	Pan, Yong-Hao	—	Wells, Elijah	—
Duncan, Steven R.	47	Julison, Aaron Michael	—	Pansera, Vincente Roberto	802		
		Jones, Marshall E.	—	Primo, Angelo P.	—	Yeager, William H.	174-496
Edelen, Christina Scott	—			Prusac, Walter Sebastian	—	Yervinyan, Samuel	47
Eiland, David Maurice	30-73	Kapustin, Sarah L.	3			Yakata, Hitomi	—
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Elsensohn, Bruce Phil	174-496	Kirst, Alexander D.	—	Rahmatullaev, Marat	65-699	Zadorozny, Corey	—
		Kniphfer, Glenda Faye	—	Ramirez, Alberto	—	Zellinger, Joyce W.	—
				Rusnak, John	—		

PENSION FUND NOTES

**American Federation
of Musicians and Employers'
Pension Fund**

**One Penn Plaza, Suite 3115
New York, NY 10119-3115**

Address service requested

PENSION FUND NOTES is a publication of the Communications Committee of the American Federation of Musicians and Employers' Pension Fund. It is published for the benefit of the participants and beneficiaries of the Pension Fund. Additional copies are available upon request. For any questions about the newsletter or your Pension Fund benefits, contact Maureen B. Kilkelly, Executive Director, American Federation of Musicians and Employers' Pension Fund, One Penn Plaza, Suite 3115, New York, NY 10119-3115, 800.833.8065.

This newsletter does not change or otherwise interpret the official Plan documents. To the extent that any of the information contained in this newsletter is inconsistent with the official Plan documents (which, of course, includes the Trustees' right to amend or modify the Plan at any time), the Plan documents will govern in all cases. No official (other than the Trustees) has any authority to interpret the Plan, or other official Plan documents, or to make any promise to you about it.

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JoAnn Kessler	Harriet Slaughter
Marion Preston	

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