



2022 SAG-AFTRA Commercials Contracts Ratified by Members

On Thursday, SAG-AFTRA members ratified the new 2022 Commercials Contracts. The Joint Policy Committee, LLC (JPC) and SAG-AFTRA began negotiations for the new contracts in mid-February and reached a deal on April 5, 2022. Below are several highlights from the new Commercials Contract:

- The initial 4.88% increase to use fees is the lowest increase *in more than a decade*.
- For JPC authorizers, the discount for pension and health (P&H) contributions increased from 0.5% to 1.25%, resulting in the lowest overall P&H increase since 2009. For all signatories, the 20.5% P&H contribution rate is consistent with the rate under the AMPTP contract.
- The 2022 Contract is **cost efficient**. For the first time, Class A fees are *reduced (by 5% of the 2019 rates) and capped*.
- The new contract reflects the importance of **simplicity** and **predictability**. It is now easier than ever to predict and calculate costs for commercials – even those spanning linear and digital use – with accuracy.
 - The new Contract establishes flat fees and per-cycle rates across a wide range of digital and traditional media types.
 - Gone are the days of paying twice of internet and new media – these are now consolidated into one media type called Traditional Digital. Now your ad can run on Instagram and Facebook without paying two different use payments.
- The introduction of new media types helps make the 2022 contract **future proof**. The bargaining parties' goal was to develop terms under the Contract that reflect the 2022 media landscape. To do so, the contract includes new media types for streaming platforms, gaming, virtual and augmented reality, and emerging platforms.
- The updated editing rules, effective June 1, are a game-changer – resulting in **increased flexibility and affordability**.
 - The new, streamlined editing structure allows for flexibility with edits, versions, and lifts. These changes are especially important with the continued increase in commercials appearing on social media as well as hyper-personalized advertising across multiple platforms.
 - Section 26 (Editing of Commercials) is eliminated. The new contract offers a range of updates, including the ability to make unlimited shorter/longer versions with footage from the same production.
- The maximum period of use (MPU) more accurately **reflects commercial production**. The MPU now commences upon the earlier of first use or 13 weeks from the last production day. This eliminates lost time that resulted from the MPU starting before a spot was finished or used.

For the JPC, negotiations were led by its Chief Negotiator, Stacy Marcus, also a Partner at Reed Smith LLP. “In 2019 we opened the door to change, and in 2022 we fully embraced it. For this new contract, our focus was to pull back the complexities that have adversely affected commercial production for decades. The result is a simplified, predictable, yet forward-looking structure that

can withstand the evolving advertising landscape.” Developing an agreement that is set up for success today and in the future was a key goal. “The new agreement allows advertisers and agencies to create content faster, target consumers better, and make more organic decisions on the creation and placement of commercials. There was a concerted effort to ensure the 2022 contract reflects not just current production and media buying, but to create a contract for the future,” said Michael Isselin, Legal Counsel to the JPC and Senior Associate at Reed Smith LLP.

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For any questions about the 2022 Commercials Contracts, please reach out to Kim Stevens at kstevens@jointpolicycommittee.org.