



Transition Guide

for Retirement Program Changes

Effective July 1, 2014





As announced in recent communications, effective in July, UNC will be implementing changes to its retirement programs (the UNC Optional Retirement Program (ORP) and the UNC 403(b) Plan).

This transition guide provides important information about these changes including:

- The new investment fund lineup and mapping
- Key dates and the steps you will need to take
- Tools and resources available to help you make informed investment decisions

As you review this guide and begin to learn more about these upcoming changes, bear in mind that the decision to implement these changes was made thoughtfully and with your financial future in mind. We are confident these changes will deliver an enhanced retirement savings opportunity by reducing recordkeeping and investment fund fees and streamlining your investment choices, which simplifies your decision-making process.

Learn More About ...

- The new investment fund lineup for the ORP and the 403(b) Plan
- The transition to two investment carriers for ORP participants
- What these changes mean to you, and what steps you need to take
- Key dates
- Decision-support tools, resources and education opportunities available to help you make a smooth transition and stay on track to reach your savings goals

Who Is Affected by These Changes?

ACTIVE EMPLOYEES

If you are enrolled in the ORP, Governmental Excess Benefit Arrangement (415(m) plan), and/or the UNC 403(b) Plan and have investments with Fidelity and TIAA-CREF, these funds will be mapped to the new investment options offered under the UNC retirement programs. Review this transition guide and the **Fund Mapping for Core Lineup**.

If you are enrolled in the ORP and/or the Governmental Excess Benefit Arrangement (415(m) plan) and have mutual fund and/or group annuity investments with VALIC and/or Lincoln Financial Group, you have until the end of this year to enroll with TIAA-CREF or Fidelity and to transfer your funds. If you take no action, your VALIC or Lincoln Financial Group account balances will automatically be transferred to TIAA-CREF and invested in a Vanguard Target Date Fund.

If you are invested in VALIC and Lincoln Financial Group through individual contracts that cannot be mapped, those funds will remain with VALIC or Lincoln Financial Group, unless you choose to transfer the funds in these accounts to the new investment options. Review this transition guide to determine the impact on your various accounts and/or contracts. Also review the Frequently Asked Questions concerning the discontinuation of VALIC and Lincoln Financial Group listed on page 21.

FORMER EMPLOYEES

If you are enrolled in the ORP, Governmental Excess Benefit Arrangement (415(m) plan), and/or the UNC 403(b) Plan and have investments with Fidelity and TIAA-CREF, these funds will be mapped to the new investment options offered under the UNC retirement programs. Review this transition guide and the **Fund Mapping for Core Lineup**.

If you are enrolled in the ORP and/or the Governmental Excess Benefit Arrangement (415(m) plan) and have mutual fund and/or group annuity investments with VALIC and/or Lincoln Financial Group, you have until the end of this year to enroll with TIAA-CREF or Fidelity and to transfer your funds. If you take no action, your VALIC or Lincoln Financial Group account balances will automatically be transferred to TIAA-CREF and invested in a Vanguard Target Date Fund.

If you are invested in VALIC and Lincoln Financial Group through individual contracts that cannot be mapped, those funds will remain with VALIC or Lincoln Financial Group, unless you choose to transfer the funds in these accounts to the new investment options. Review this transition guide to determine the impact on your various accounts and/or contracts. Also review the Frequently Asked Questions concerning the discontinuation of VALIC and Lincoln Financial Group listed on page 21.

IMPORTANT NOTE: You forfeit your eligibility for the state's retiree group health plan coverage, if you are eligible, if you withdraw your entire account from the ORP, or if you transfer or roll over the entire account to an individual retirement account (IRA) or another employer's retirement plan. For more information on benefits eligibility and taxation of ORP benefits in retirement, please read UNC's "Getting Ready to Retire Brochure" found at http://old.northcarolina.edu/hr/Getting_Ready_to_Retire.pdf.

RETIRED EMPLOYEES *(including faculty members on Phased Retirement)*

If you are enrolled in the ORP, Governmental Excess Benefit Arrangement (415(m) plan), and/or the UNC 403(b) Plan and still have active “accumulating” investments with Fidelity and TIAA-CREF, these funds will be mapped to the new investment options offered under the UNC retirement programs. Review this transition guide and the **Fund Mapping for Core Lineup**.

If you are enrolled in the ORP and/or the Governmental Excess Benefit Arrangement (415(m) plan) and still have “accumulating” mutual fund and/or group annuity investments with VALIC and/or Lincoln Financial Group, you do not need to take any immediate action; however, if you want to transfer your funds to TIAA-CREF or Fidelity, you will need to do so prior to the end of the year. **Additional information and instructions will be provided to you soon.**

If you are invested in VALIC and Lincoln Financial Group through individual contracts that cannot be mapped, those funds will remain with VALIC or Lincoln Financial Group, unless you choose to transfer the funds in these accounts to the new investment options. Review this transition guide to determine the impact on your various accounts and/or contracts. Also review the Frequently Asked Questions concerning the discontinuation of VALIC and Lincoln Financial Group listed on page 21.

IMPORTANT NOTE: Under the ORP, you are eligible to continue health insurance with the North Carolina State Health Plan when you elect a monthly retirement benefit. If you are already receiving an “annuity” payment from VALIC or Lincoln Financial Group, these funds will not be transferred and will not impact your healthcare benefits; however, if you are receiving systematic withdrawals or still have an active “accumulating” investment balance with VALIC or Lincoln Financial Group, you may need to take some action. *If you are retired, we recommend that you meet with a financial representative to ensure continuity of your retirement income and your health benefits.*



UNC Retirement Programs Refresher

Before you dive in to learning more about the upcoming changes and what they mean to you, take a moment to refresh yourself on the bigger retirement picture at UNC.

As a University employee, you enrolled in either the Teachers' and State Employees' Retirement System (TSERS) or the ORP. If you chose to participate in the ORP, you also selected an investment carrier and made your investment elections for your and UNC's contributions to the plan. Additionally, you may have chosen to participate in one or more of the supplemental retirement plans — the UNC 403(b) Plan, the State's 457 Deferred Compensation Plan* and the State's 401(k) Plan* — to help boost your retirement savings.

Mandatory Retirement Plan		
You chose to participate in either:		
TSERS*	OR	The ORP
<p>The TSERS is a defined benefit plan. The benefit you receive at retirement is based on a predetermined formula. Under TSERS, the State controls the investments and assumes all of the investment risks. The plan funds are invested by professional money managers selected by TSERS.</p>		<p>The ORP is a defined contribution plan. The value of your account is based on the amount of contributions made to your account and the performance of the investment funds you select. Contributions to your account are made by you and the University.</p>



Supplemental Retirement Programs		
In addition to either TSERS or the ORP, you may participate in one of these supplemental plans to help boost your retirement savings even more:		
University-sponsored 403(b) Plan	State-sponsored 401(k) Plan*	State-sponsored 457 deferred compensation plan*
<ul style="list-style-type: none"> Investments provided by TIAA-CREF and Fidelity You are eligible to participate if you have FICA tax withheld from your pay. 	<ul style="list-style-type: none"> Administered by Prudential You must be contributing to either the TSERS or the ORP to be eligible to participate. 	<ul style="list-style-type: none"> Administered by Prudential All employees are eligible.

* Note that the upcoming changes outlined in this guide do not impact this plan.



We've Got You Covered!

We know that change can be difficult, particularly when it comes to your retirement savings. We also know how important it is for you to understand these changes, so you can make the investment decisions that are right for you and stay on track to reach your savings goals. To help you understand the changes and how they may affect your retirement savings goals, UNC will provide a variety of decision-support tools. Additionally, you will have the opportunity to schedule a one-on-one investment advice session with CAPTRUST, our investment advisor, beginning July 1, 2014. Financial representatives from TIAA-CREF and Fidelity will also be available on campus to assist with the transition to the new fund lineup and investment tier structure.

More information about on-site campus resources is listed on page 13 of this guide.



Overview of the Plan Changes

A New Investment Structure

Effective July 1, 2014, the fund lineup for Fidelity and TIAA-CREF will change to a four-tiered investment structure for all UNC retirement programs. This four-tier structure is designed to offer you a wide array of investment options from leading investment managers, while providing simplified, yet diversified choices.

The four new tiers are:

- Tier 1: Target Date Funds
- Tier 2: UNC Risk-Based Models
- Tier 3: Core Lineup
- Tier 4: Self-Directed Brokerage (Mutual Fund Window for employee contributions and investments only; not available for employer contributions and investments)

Below is a description of each of the tiers. A list of funds in each tier is provided on pages 8-11.

Tier 1: Target Date Funds	Target Date Funds are professionally managed funds designed for investors who prefer a single diversified fund. These options work by creating a complete investment portfolio within a single fund, based upon your expected date of retirement. The portfolio is regularly rebalanced and, as you move through your career toward retirement, automatically shifts to become more conservative over time. It is your responsibility to select the Target Date Fund based on your anticipated retirement age. The University has selected Vanguard as the Target Date Fund manager.
Tier 2: UNC Risk-Based Models	For investors who wish to choose an investment strategy based upon their personal risk tolerance, UNC offers five risk-based models. The five models include: <ul style="list-style-type: none">• UNC Capital Preservation Model• UNC Conservative Model• UNC Moderate Model• UNC Growth Model• UNC Aggressive Growth Model Each model represents a mix of investment options from the core investment lineup (see Tier 3), and can be set to automatically rebalance. Unlike Target Date Funds, the UNC Risk-Based Models do not automatically adjust to become more conservative over time — it is your responsibility to select the model that best meets your objectives, and also to revisit your investment decisions from time to time and to make adjustments as needed if your risk tolerance or other factors change.

Tier 3: Core Lineup	<p>The Core Lineup represents a diversified array of investment options, including both actively managed and passive (or, index) funds. The Core Lineup is designed for investors who wish to construct and manage their own investment portfolios to meet their specific objectives. The Core Lineup gives you a great degree of flexibility, and the responsibility to rebalance and manage the portfolio over time, and as your situation changes.</p>
Tier 4: Self-Directed Brokerage Services	<p>For experienced investors seeking maximum flexibility, the UNC retirement programs offer a Self-Directed Brokerage “window” that allows you to select from a wide array of mutual funds for “employee contributions.” Investors may use this feature to add diversification above and beyond the Core Lineup. However, please note that some mutual funds offered through the self-directed brokerage window may have additional fees and/or expenses. It is your responsibility to determine if this option is appropriate for you. You will need to monitor these investments over time, and make adjustments to your portfolio when necessary. Investments through a brokerage window are not monitored by UNC. Note that only employee contributions and investments are eligible for the mutual fund window. Employer contributions and investments are not eligible.</p>

The University adopted an **Investment Policy Statement** that establishes guidelines for investment options offered under the various UNC retirement programs. The statement also incorporates accountability standards that are used for monitoring investment fund performance. The investments offered in tiers 1 through 3 are monitored and reviewed on a regular basis. The University does not monitor the mutual funds that you may select under the self-directed brokerage window.

UNDERSTANDING THE NEW INVESTMENT STRUCTURE

Before you make changes to your investment elections, it’s important to read all available fund literature and be sure you understand your investment options. In addition to reviewing this guide, you can find more information such as fund performance and expense ratios by contacting TIAA-CREF at **800-842-2888** or online at **www.tiaa-cref.org/unc**, or by contacting Fidelity at **800-343-0860** or online at **www.plan.fidelity.com/unc**. You can also request a fund prospectus from TIAA-CREF or Fidelity.

BEFORE AND AFTER: HOW YOUR CURRENT INVESTMENTS WILL “MAP” TO THE NEW LINEUP

If you have a current balance or investment election in a TIAA-CREF or Fidelity investment option that will no longer be part of the Core Lineup, your account balance and any investment elections for future contributions will be automatically transferred (or “mapped”) on or after July 1, 2014, to a similar fund in the new investment lineup. A table outlining mapping by fund is available in **Fund Mapping for Core Lineup**.

Investment elections to the new funds as part of the Core Lineup cannot be initiated until on or after July 1, 2014.

Don’t forget — you can change your investment election and/or reallocate your existing balances at any time. On or after July 1, 2014, you may contact either TIAA-CREF or Fidelity directly to make investment selections that are different from the “mapping” elections. You can make your changes online or you can speak with a representative. See “Where to Learn More” on page 17 for contact information.

The New Tier Structure

Below are the funds that are included in each of the tiers.

Tier 1: Target Date Funds

- Vanguard Target Retirement Income Inv
- Vanguard Target Retirement 2010 Inv
- Vanguard Target Retirement 2015 Inv
- Vanguard Target Retirement 2020 Inv
- Vanguard Target Retirement 2025 Inv
- Vanguard Target Retirement 2030 Inv
- Vanguard Target Retirement 2035 Inv
- Vanguard Target Retirement 2040 Inv
- Vanguard Target Retirement 2045 Inv
- Vanguard Target Retirement 2050 Inv
- Vanguard Target Retirement 2055 Inv
- Vanguard Target Retirement 2060 Inv

Tier 2: UNC Risk-based Models

These risk-based Asset Allocated Models (“Models”) on the next page depict ways to actively control an investment mix by diversifying across very distinct asset classes. Models serve only as a guide and should be selected based on each participant’s risk tolerance. Each investor has the ability to customize his/her portfolio to his/her own particular objectives.

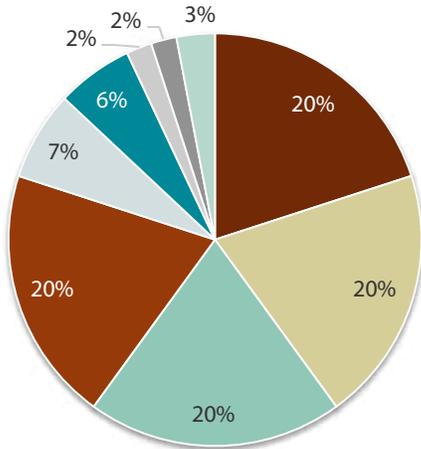
<i>Fund Category</i>	<i>Name of Investment Fund</i>
Money Market	Fidelity Ret Money Mkt / CREF Money Mkt
Fixed Income	Vanguard Short-Term Bond Index
	JP Morgan Core Bond
	PIMCO Total Return
Large Cap Equities	JHancock Disciplined Value
	T. Rowe Price Instl Large Cap Growth
Mid Cap Equities	MFS Mid Cap Value
	Morgan Stanley Inst Mid Cap Growth
Small Cap Equities	Goldman Sachs Small Cap Value
	Eagle Small Cap Growth
International Equities	MFS International Value
	American Funds Europacific Growth
Real Estate	Cohen & Steers Realty

Keep In Mind ...

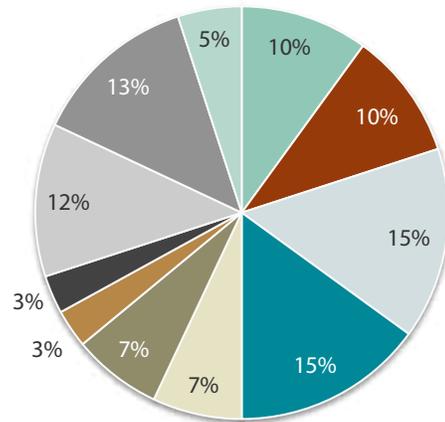
As you familiarize yourself with the new four-tier investment structure offered by TIAA-CREF and Fidelity, note that this new structure applies to all UNC retirement programs. For more information about UNC’s retirement programs, visit www.northcarolina.edu/hr/unc/benefits/retirement/index.htm.

Tier 2: UNC Risk-based Models

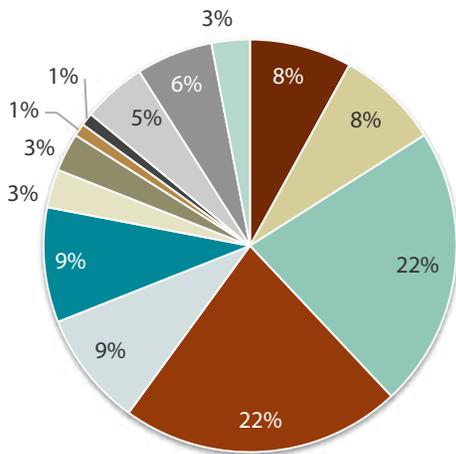
UNC Capital Preservation Model



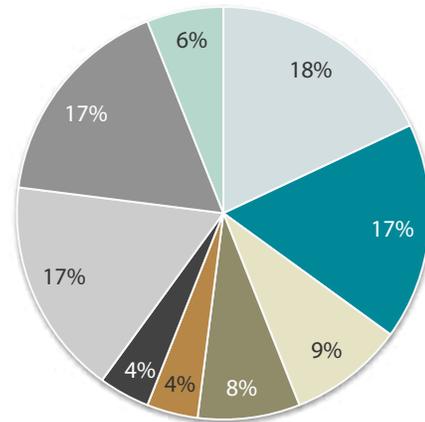
UNC Growth Model



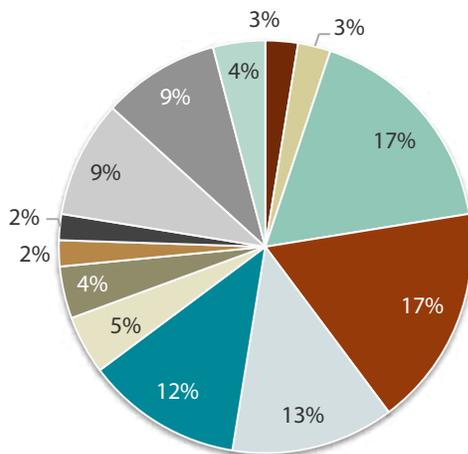
UNC Conservative Model



UNC Aggressive Model



UNC Moderate Model



- Fidelity Ret Money Mkt / CREF Money Mkt
- Vanguard Short-Term Bond Index
- JP Morgan Core Bond
- PIMCO Total Return
- JHancock Disciplined Value
- T. Rowe Price Instl Large Cap Growth
- MFS Mid Cap Value
- Morgan Stanley Inst Mid Cap Growth
- Goldman Sachs Small Cap Value
- Eagle Small Cap Growth
- MFS International Value
- American Funds Europacific Growth
- Cohen & Steers Realty

This material has been prepared or is distributed solely for informational purposes only and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Participants should consult a prospectus before investing. For more information on how to obtain a prospectus please contact TIAA-CREF or Fidelity.

Tier 3: Core Lineup

CORE FUND LINEUP FOR ORP

Asset Class	Investment Name	Ticker
Offered by TIAA-CREF and Fidelity		
Short-Term Bond	Vanguard Short-Term Bond Index Adm	VBIRX
Intermediate-Term Bond	Vanguard Total Bond Market Index I	VBTIX
Intermediate-Term Bond	PIMCO Total Return Instl	PTTRX
Large Value	JHancock Disciplined Value R5	JDVXX
Large Blend	Vanguard Institutional Index I	VINIX
Large Growth	T. Rowe Price Instl Large Cap Growth	TRLGX
Mid-Cap Growth	Morgan Stanley Inst Mid Cap Growth I	MPEGX
Mid-Cap Blend	Vanguard Extended Market Idx I	VIEIX
Foreign Large Blend	Vanguard Total Intl Stock Index I	VTSNX
Foreign Small/Mid Growth	Columbia Acorn International Y	CCYIX
Small Value	Goldman Sachs Small Cap Value Instl	GSSIX
Offered Only by TIAA-CREF		
Money Market	CREF Money Market	-
Capital Preservation	TIAA Traditional	-
Intermediate-Term Bond	JPMorgan Core Bond R6	JCBUX
Moderate Allocation	CREF Social Choice	-
Large Blend	CREF Stock	-
Mid-Cap Value	MFS Mid Cap Value R5	MVCKX
Foreign Large Value	MFS International Value R5	MINJX
Foreign Large Blend	American Funds EuroPacific Gr R6	RERGX
Small Growth	Eagle Small Cap Growth R6	HSRUX
Real Estate	TIAA Real Estate Account	-
Real Estate	Cohen & Steers Realty Shares	CSRIX
Offered Only by Fidelity		
Money Market	Fidelity Retirement Money Market	FRTXX
Stable Value	Fidelity MIP I	-
Intermediate-Term Bond	JPMorgan Core Bond R5	JCBRX
Moderate Allocation	Fidelity Balanced K	FBAKX
Large Blend	Vanguard FTSE Social Index Inv	VFTSX
Large Growth	Fidelity Contrafund K	FCNKX
Mid-Cap Value	MFS Mid Cap Value R4	MVCJX
Foreign Large Value	MFS International Value R4	MINHX
Foreign Large Blend	American Funds EuroPacific Gr R4	REREX
Small Growth	Eagle Small Cap Growth R5	HSRSX
Real Estate	Cohen & Steers Realty Shares	CSRSX

CORE FUND LINEUP FOR 403(B)

Asset Class	Investment Name	Ticker
Offered by TIAA-CREF and Fidelity		
Short-Term Bond	Vanguard Short-Term Bond Index Adm	VBIRX
Intermediate-Term Bond	Vanguard Total Bond Market Index I	VBTIX
Intermediate-Term Bond	PIMCO Total Return Instl	PTTRX
Large Value	JHancock Disciplined Value R5	JDVVX
Large Blend	Vanguard Institutional Index I	VINIX
Large Growth	T. Rowe Price Instl Large Cap Growth	TRLGX
Mid-Cap Blend	Vanguard Extended Market Idx I	VIEIX
Mid-Cap Growth	Morgan Stanley Inst Mid Cap Growth I	MPEGX
Foreign Large Blend	Vanguard Total Intl Stock Index I	VTSNX
Foreign Small/Mid Growth	Columbia Acorn International Y	CCYIX
Small Value	Goldman Sachs Small Cap Value Instl	GSSIX
Offered Only by TIAA-CREF		
Money Market	CREF Money Market	-
Capital Preservation	TIAA Traditional	-
Intermediate-Term Bond	JPMorgan Core Bond R6	JCBUX
Moderate Allocation	CREF Social Choice	-
Large Blend	CREF Stock	-
Mid-Cap Value	MFS Mid Cap Value R5	MVCKX
Foreign Large Value	MFS International Value R5	MINJX
Foreign Large Blend	American Funds EuroPacific Gr R6	RERGX
Small Growth	Eagle Small Cap Growth R6	HSRUX
Real Estate	TIAA Real Estate Account	-
Real Estate	Cohen & Steers Realty Shares	CSRIX
Offered Only by Fidelity		
Money Market	Fidelity Retirement Money Market	FRTXX
Capital Preservation	Principal Fixed Account	-
Intermediate-Term Bond	JPMorgan Core Bond R5	JCBRX
Moderate Allocation	Fidelity Balanced K	FBAKX
Large Blend	Vanguard FTSE Social Index Inv	VFTSX
Large Growth	Fidelity Contrafund K	FCNKX
Mid-Cap Value	MFS Mid Cap Value R4	MVCJX
Foreign Large Value	MFS International Value R4	MINHX
Foreign Large Blend	American Funds EuroPacific Gr R4	RESEX
Small Growth	Eagle Small Cap Growth R5	HSRSX
Real Estate	Cohen & Steers Realty Shares	CSRSX
Stable Value	Principal Fixed Account	-

Tier 4: Self-Directed Brokerage Services

For a listing of the mutual funds available under this tier, visit TIAA-CREF at www.tiaa-cref.org/unc or Fidelity at www.plan.fidelity.com/unc.

Investment Carriers No Longer Available Under the ORP

Effective July 1, 2014, VALIC and Lincoln Financial Group will no longer be offered to new participants in the ORP. Additionally, for existing ORP participants, VALIC and Lincoln Financial Group will no longer be available after December 31, 2014.

New participants in the ORP as of July 1, 2014 must choose from funds offered by TIAA-CREF and Fidelity. From July to December, existing ORP participants who are invested in VALIC and Lincoln Financial Group investment options will have the opportunity to change their future group annuity and mutual fund investment elections and reallocate their existing balances to funds available through either Fidelity or TIAA-CREF. Note: Contributions to VALIC and Lincoln Financial Group funds may continue until December for current participants.

All participants who do not take action by 2014 year-end will be enrolled with TIAA-CREF. At that point, all future contributions, as well as mutual fund and group annuity balances with VALIC and Lincoln Financial Group, will be invested in the applicable Vanguard Target Date Fund offered by UNC. Any investments you have in a fixed interest account will be moved to a Vanguard Target Date Fund in 20% increments over a period of five years beginning in 2015. Review the table below to see which birth year corresponds to which Target Date Fund.

NOTE: If you are retired (or in phased retirement) and are receiving distributions from VALIC or Lincoln Financial Group, additional information will be provided soon. Only mutual fund and group annuity investments with VALIC or Lincoln Financial Group may be mapped or transferred. If you are invested in a VALIC or Lincoln Financial Group individual contract that cannot be mapped, that contract will remain with either VALIC or Lincoln Financial Group unless you choose to transfer the funds in these accounts into new investment options.

Certain Non-Core and Closed Fund Options No Longer Available in the ORP and UNC 403(b)

If you are invested in certain Non-Core investment funds with TIAA-CREF or Fidelity that cannot be mapped to a like fund option, those investments will be transferred into the Vanguard Target Date Fund that coincides with your year of birth, as outlined in the table at right.* For a listing of Non-Core funds, visit the TIAA-CREF or Fidelity websites directly, or see **Fund Mapping for All Investment Options (both Core and Non-Core)**.

Applicable Target Date Fund

Birth Year	Mapped or Defaulted To
After 1995	Vanguard Target Retirement 2060 Inv
1993 - 1995	Vanguard Target Retirement 2060 Inv
1988 - 1992	Vanguard Target Retirement 2055 Inv
1983 - 1987	Vanguard Target Retirement 2050 Inv
1978 - 1982	Vanguard Target Retirement 2045 Inv
1973 - 1977	Vanguard Target Retirement 2040 Inv
1968 - 1972	Vanguard Target Retirement 2035 Inv
1963 - 1967	Vanguard Target Retirement 2030 Inv
1958 - 1962	Vanguard Target Retirement 2025 Inv
1953 - 1957	Vanguard Target Retirement 2020 Inv
1948 - 1952	Vanguard Target Retirement 2015 Inv
1943 -1947	Vanguard Target Retirement 2010 Inv
Before 1943	Vanguard Income Inv

* Assumptions:

- Calendar year 2014
- Assumed retirement age: 65
- Current latest Target Retirement Fund available: 2060
- Current earliest Target Retirement Fund available: 2010

Investment Advice Offering

While UNC will offer a variety of decision-support tools and resources to help ensure you understand these changes, their impact on your retirement savings and the steps you need to take in the coming months, sometimes it helps to have a more personal approach.

Beginning July 1, 2014, UNC will offer all retirement program participants an opportunity to schedule a one-on-one advice session with CAPTRUST, the University's investment advisor. CAPTRUST can help you:

- Better understand the changes and how they may affect your goals for saving for retirement
- Review your current retirement investment strategy
- Explain the options available under the new TIAA-CREF and Fidelity investment offerings
- Assist you with choosing a new retirement provider
- Help you choose your investment mix based on a number of factors specific to your needs
- Determine if you are on track to achieve your retirement goals

A typical meeting with CAPTRUST either in person or over the phone will take about 30 minutes, and you will be asked to have your current retirement plan information handy, such as your most recent account statement and access to your account (user name and PIN), so that you are able to review your account and to initiate CAPTRUST's advice if you so desire.

CAPTRUST, TIAA-CREF and Fidelity investment advisors will host group meetings on all UNC campuses this fall, during which you will be able to ask questions and learn more.

Additionally, TIAA-CREF offers one-on-one advice and counseling sessions at all UNC locations, and Fidelity will offer one-on-one sessions on all UNC campuses, so you can get the support you need from whichever resource is best for you — from CAPTRUST, TIAA-CREF or Fidelity. You may also contact the provider directly and speak with one of their financial consultants. To contact TIAA-CREF, call **800-842-2888**. To contact Fidelity, call **800-343-0860**.

We also recommend you consult your personal tax or financial advisor before making any decisions to ensure you make the right choices about your University retirement program.

Who Is CAPTRUST?

CAPTRUST is a third-party, independent group of advisors who provide institutional and private investors with financial advice and fiduciary support. For nearly 30 years, CAPTRUST advisors have been helping investors make informed, strategic investment decisions. Take advantage of this valuable educational opportunity to learn more about how you can get the most out of your retirement savings.

What These Changes Mean to You

It is important to remember that these changes are being implemented with your financial future in mind, and will enhance your savings opportunity. These upcoming changes will:

1. **Provide you with more streamlined investment choices**, helping to simplify your retirement planning and decision-making.
2. **Result in lower recordkeeping and investment fund fees for the plan.** UNC has negotiated on behalf of plan participants to continue to reduce plan fees, which means better buying power for your account.
3. **Demonstrate the University's fiduciary commitment** to ensure the retirement programs keep up with changes in financial markets and meet all legal requirements.

As you consider the important decisions you need to make about your investments, be sure to take advantage of all the resources and educational opportunities UNC is providing to help you make a smooth transition. By understanding these changes and making decisions to maintain a healthy, diversified investment portfolio, you'll stay focused on the long term and on track to meet your financial goals.



What You Need to Do

As a result of the upcoming changes, you will need to take some important steps.

First, read this transition guide carefully to understand what's happening and when. Review the information on the new four-tier structure for investments, and what these new investment options mean to you as an investor. With a variety of funds spanning all asset classes and risk levels, the new tiered structure is designed to suit a range of investment styles — from hands-off to hands-on — and to simplify your investment decision-making.

Next, determine what steps you need to take based on your situation. If you are currently investing either your ORP or UNC 403(b) Plan contributions with either Fidelity or TIAA-CREF, you do not need to do anything. Where funds are being discontinued in the Core Fund Lineup, your future investment elections and current account balances will be mapped to funds under the new four tier structure on or after July 1, 2014, as described in the **Fund Mapping for Core Lineup**.

Note that you are free to change your investments from the designated mapping to the new fund lineup at any time after July 1, 2014.

Then, schedule a meeting with a CAPTRUST investment advisor. You'll learn more about these changes and have a chance to get answers to your investment questions and review your investment choices. This is an important step to ensure you continue to get the most out of the retirement program through diversification and your choice of investment options. Beginning July 1, 2014, contact CAPTRUST directly at **800-967-9948** to schedule an appointment with an investment advisor.

Look for additional information about upcoming group and one-on-one meetings to be held this fall at your campus, hosted by CAPTRUST, TIAA-CREF and Fidelity investment advisors, during which you will be able to ask questions and learn more. You may contact CAPTRUST, TIAA-CREF and Fidelity at the phone numbers and websites listed on page 17.

Take the appropriate action for your investments within the timeframes described in this guide. Make sure that your investment elections reflect your personal investment strategy so that you will continue to make progress toward your retirement savings goals. Then, be sure to monitor your investments and make adjustments as necessary as you progress through your career to meet your changing needs.

To make changes to your investment elections or to reallocate to the new investments in any tier on or after July 1, 2014, contact either TIAA-CREF or Fidelity directly. Contact information is provided on page 17.

Additional Action Required for VALIC and Lincoln Financial Group Participants

If you are currently investing your ORP contributions with either VALIC or Lincoln Financial Group, you have two steps to take prior to January 1, 2015:

- *For your future contributions to the ORP*, you will need to change your group annuity and mutual fund investment elections by enrolling in either TIAA-CREF or Fidelity. You must also complete UNC's **Notice of Change In Retirement Vendor (Form ORP-2)**.
- *Additionally, for your existing VALIC and/or Lincoln Financial Group account balances*, you will need to transfer these account balances to funds offered by either TIAA-CREF or Fidelity.

All participants who do not take action by 2014 year-end will be enrolled with TIAA-CREF. At that point, all future contributions, as well as mutual fund and group annuity balances with VALIC and Lincoln Financial Group, will be invested in the applicable Vanguard Target Date Fund offered by UNC.

Additionally, existing mutual fund balances from VALIC and Lincoln Financial Group will be transferred to the applicable Vanguard Target Date Fund offered by UNC. Any investments you have in a fixed interest account will be moved to a Vanguard Target Date Fund in 20% increments over a period of five years beginning in 2015.

NOTE: If you are a retired employee or in "phased retirement" and have mutual fund and/or group annuity investments with VALIC and/or Lincoln Financial Group, you do not need to take any immediate action. However, if you want to transfer your funds to TIAA-CREF or Fidelity, you will need to do so prior to the end of the year. Additional information and instructions will be provided to you soon.

And, while new elections must be made by prior to January 1, 2015, you do not have to wait until then to make new investment elections or reallocate your existing balances; you may do so at any time beginning July 1, 2014.

Where to Learn More

When it comes to planning and saving for retirement, you don't have to do it alone. There are a variety of tools and resources available any time you need them — support is just a click or phone call away. Keep this contact information handy for future reference.

Contact ...	At ...
Fidelity	800-343-0860 or www.plan.fidelity.com/unc Representatives are available 8:00 a.m. – 12:00 midnight, Monday – Friday.
Lincoln Financial Group	800-234-3500 or www.lfg.com/unc Representatives are available 8:00 a.m. – 8:00 p.m., Monday – Friday.
TIAA-CREF	800-842-2888 or www.tiaa-cref.org/unc Representatives are available 8:00 a.m. – 10:00 p.m. Monday – Friday; 8:00 a.m. – 6:00 p.m. Saturday.
VALIC	800-448-2542 or www.VALIC.com/uncorp Representatives are available 8:00 a.m. – 9:00 p.m., Monday – Friday.
CAPTRUST	800-967-9948 or www.captrustadvice.com Representatives are available 8:30 a.m. – 5:00 p.m. Monday-Thursday; 8:30 a.m. – 4:00 p.m. Friday.

Explore www.northcarolina.edu/hr/unc/benefits/retirement

In addition to contacting our trusted investment carriers and advisors directly, there is a variety of useful information about UNC's retirement programs available online at www.northcarolina.edu/hr/unc/benefits/retirement, including the "Your Guide to Investing in the UNC Retirement Programs" and the "Your Mandatory Retirement Plan Decision Guide." These materials provide key provisions about the plans. Log on and explore all the information available at your fingertips.

Questions?

It's natural to have questions, even after you review all the materials and resources UNC is providing. In addition to the online materials and access to our investment carriers and advisors, please review the Frequently Asked Questions beginning on the following page. Then, if you still have questions, please contact your campus HR Benefits Representative.



Frequently Asked Questions

Q1. Why is the University making these changes?

At The University of North Carolina (UNC), we know how important it is to prepare for retirement. We are committed to making sure our retirement programs keep up with changes in the financial markets and meet all legal requirements. The changes are being made with your financial future in mind, and will enhance your savings opportunities in the various retirement plans. These changes will provide you with more streamlined investment choices, helping to simplify your retirement planning and decision-making. Finally, UNC was able to negotiate lower recordkeeping fees and investment fees on behalf of plan participants by making these changes.

Q2. Do these changes affect my 403(b) account?

Yes. The change in the fund lineup for TIAA-CREF and Fidelity will affect UNC 403(b) Plan participants, as well as participants in the Optional Retirement Program (ORP) and the University of North Carolina Qualified Governmental Excess Benefit Arrangement (415(m) Plan); however, the removal of VALIC and Lincoln Financial Group does not apply to 403(b) participants since these investment carriers are not part of the system-wide UNC 403(b) Plan, which became effective on January 1, 2009.

Fund Lineup Change

Q3. Why are we moving to a four-tier structure?

This structure has been designed to offer you a wide array of investment options from leading investment managers, while providing a simplified method for making decisions and categorizing the plan's investment options.

The University adopted an **Investment Policy Statement** that establishes guidelines for investment options offered under the various UNC retirement programs. The statement also incorporates accountability standards that are used for monitoring investment fund performance. The investments offered in tiers 1 through 3 are monitored and reviewed on a regular basis.

Q4. What is "mapping"?

Mapping refers to the process by which assets are transferred from one fund to another. If you have a current balance or investment election in a TIAA-CREF or Fidelity investment option that will no longer be part of the Core Lineup, your balance and any investment elections for future contributions will be automatically transferred (or "mapped") beginning July 1, 2014, to a new investment fund, which has been identified by our investment consultants.

Q5. Will all the funds be mapped at the same time?

Certain funds that are currently available to you are subject to “short term trading fees.” These funds will impose an additional fee for money that transfers after being held for only a short period of time such as less than 30 days, 60 days and 90 days. The table in “Fund Mapping for All Investment Options (both Core and Non-Core),” available on UNC’s website, includes a column labeled “STTF,” which identifies those funds that are subject to these fees. The column notes the “fee” followed by the number of days that designate the term the investment must be held. For example, a fund that would impose a 1% fee for money invested for fewer than 90 days would appear as: 1.00/90. To avoid the imposition of the short term trading fees for your investments, the funds that bear these fees will be transitioned after the fees would no longer apply. In the previous example, that fund would not be mapped until 90 days had elapsed from the last deposit so that a person in that investment would not suffer a short term trading fee.

Q6. What if I need help making investment choices?

Beginning July 1, 2014, you will be able to participate in a one-on-one investment advice meeting with CAPTRUST, the University’s third-party investment advisory firm. Access to CAPTRUST’s independent financial advisors is being provided by the University to help you understand the new investment options, review your current retirement investment strategy and assist you with choosing a new retirement provider.

In the fall, CAPTRUST, TIAA-CREF and Fidelity will host group meetings on all UNC campuses, during which you will be able to ask questions and learn more. Additionally, you will continue to have access to your TIAA-CREF and Fidelity representatives. Watch for information about the on-campus meetings, as well as how to schedule a phone appointment with CAPTRUST.

We also recommend you consult your personal tax or financial advisor before making any decisions to ensure you make the right choices about your University retirement programs.

Q7. What should I expect from a one-on-one counseling session with CAPTRUST?

CAPTRUST will meet with you to explain the options available under both the TIAA-CREF and Fidelity offerings, help you choose your investment mix based upon a number of factors specific to your needs and work with you to determine if you are on track to achieve your retirement goals.

A typical meeting with CAPTRUST, either in person or over the phone, will take about 30 minutes. You will be asked to have your current retirement plan information such as your most recent account statement and access to your account (user name and PIN) so that you are able to review your account and to initiate CAPTRUST’s advice if you so desire.

Q8. Can I bring my spouse or another person to the session?

Yes. Participants can bring anyone they choose to individual counseling sessions.

Q9. When can I meet with an investment counselor to discuss my questions/concerns?

You can meet with a CAPTRUST investment counselor beginning July 1, 2014. Information on how to schedule a meeting will be provided to you in June. CAPTRUST will provide a custom website established for use by UNC employees to schedule appointments.

In addition, financial counselors are available on campus through both Fidelity and TIAA-CREF. You can contact each carrier directly.

We also recommend you consult your personal tax or financial advisor before making any decisions to ensure you make the right choices about your University retirement programs.

You also have the ability to employ a personal investment advisor for assistance with your accounts.

Q10. Where can I find out more about the new investment options offered under TIAA-CREF and Fidelity?

Fund prospectuses will be available on the TIAA-CREF and Fidelity websites.

Q11. Will there be a blackout period before the new fund lineup becomes effective (July 1, 2014)?

No. The existing balances in TIAA-CREF and/or Fidelity accounts that are no longer part of the Core Lineup will be automatically transferred to the new fund lineup based on the **Fund Mapping for Core Lineup**. On or after July 1, 2014, you will have access to the new fund lineup. Remember, if you do not like how your funds are mapped, you can change your investment elections and/or reallocate your existing balances at any time to the fund(s) of your choice by contacting TIAA-CREF or Fidelity directly.

Q12. Do I currently pay fees to make investments in the Plan?

All investment options have expense ratios and other fund-specific fees that can be found in the prospectuses located on each investment carrier's website. Some investment options may also have redemption fees.

Q13. Will I incur any "surrender" charges or market value adjustments as a result of the changes that are being made?

The investments that are being affected as a result of this change will not result in any fees being charged against your account. The fixed interest accounts offered by VALIC and Lincoln Financial Group will be transferred in 20% increments over five years to avoid any potential adjustments. If you wish to direct VALIC and/or Lincoln Financial Group to transfer your fixed account in whole, it would not be subject to an adjustment.

Q14. The fund lineups are very similar between the two vendors under the new four-tier structure. How do I choose between vendors?

Choosing an investment partner is a personal choice. Even though the funds offered by TIAA-CREF and Fidelity are similar, the services each carrier provides are different. We recommend you research both carriers to see which carrier best suits your needs.

Q15. If I have accounts and/or contracts with several providers what do I need to be aware of?

If you have investments with Fidelity and TIAA-CREF, these funds will be mapped to the new investment options offered under the UNC retirement programs. If you have investments with VALIC and/or Lincoln Financial Group, you have until the end of this year to enroll with TIAA-CREF or Fidelity and to transfer your funds. If you take no action, your VALIC or Lincoln Financial Group account balances will automatically be transferred to TIAA-CREF and invested in a Vanguard Target Date Fund.

Q16. How do I set up a self-directed brokerage account for my employee contributions in the ORP?

Self-directed brokerage accounts are typically used by experienced investors seeking maximum flexibility. This feature will require you to complete additional account documentation and may involve additional fees. If you want to establish a brokerage account for "employee" contribution or balances, please contact CAPTRUST, TIAA-CREF or Fidelity.

Discontinuation of VALIC and Lincoln Financial Group as ORP Investment Carriers

Q17. Do I have to wait until the end of the year to move my funds from VALIC and/or Lincoln Financial Group?

No. The new fund lineup with Fidelity and TIAA-CREF will be available on or after July 1, 2014. This should give you ample time to review the lineup, meet with a financial counselor, and complete your investment elections and reallocation of your investments prior to the end of the year.

Q18. What if I do not like the funds I've been mapped to? Can I change and choose other funds?

You can change your investment election and/or reallocate your existing balances at any time to the fund(s) of your choice.

All participants who do not take action by 2014 year-end will be enrolled with TIAA-CREF. At that point, all future contributions, as well as mutual fund and group annuity balances with VALIC and Lincoln Financial Group, will be invested in the applicable Vanguard Target Date Fund offered by UNC. Any investments you have in a fixed interest account will be moved to a Vanguard Target Date Fund in 20% increments over a period of five years beginning in 2015. If you take no action and are automatically enrolled with TIAA-CREF, your funds will be mapped sometime in January 2015. You can change your investment election and or reallocate your existing balance after it has been mapped to any of the investment options offered.

Q19. If I currently invest in a VALIC and/or Lincoln Financial Group fund(s) and transfer my funds to TIAA-CREF or Fidelity, will I need to update my beneficiary?

When you enroll with TIAA-CREF or Fidelity, you will select your investment and beneficiary elections at that time. If you are an active employee and currently contributing to VALIC and/or Lincoln Financial Group, you will also need to complete UNC's **Notice of Change In Retirement Vendor (Form ORP-2)**.

Q20. Will these changes impact my retiree healthcare benefits?

Under the ORP, you may be eligible to continue health insurance under the North Carolina State Health Plan when you retire and elect a monthly retirement benefit. If you are already receiving an annuity payment from VALIC or Lincoln Financial Group, this will not impact your healthcare benefits; however, if you are receiving systematic withdrawals or still have an active accumulating balance with VALIC or Lincoln Financial Group, you may need to take some action. If you are retired, we recommend that you meet with a representative from CAPTRUST, TIAA-CREF or Fidelity to ensure continuity of your retirement income and your health benefits.

Q21. What happens if I'm in phased retirement and receiving an annuity from VALIC or Lincoln Financial Group?

There will be no impact to annuity payments being received from VALIC or Lincoln Financial Group; however, if you are receiving systematic withdrawals or still have an active accumulating balance with VALIC or Lincoln Financial Group, you may need to take some action. Additional information will be provided soon. If you are in the phased retirement program on your campus, we recommend that you meet with a representative from CAPTRUST, TIAA-CREF or Fidelity to ensure continuity of your retirement income and your health benefits. If you are unsure of whether your current payments are generated by an annuity or systematic withdrawal, contact your carrier to find out which method is being used.

Q22. If my current distribution meets the requirements set forth under the Bailey Settlement, will my distribution continue tax-free when I move my funds to TIAA-CREF and/or Fidelity?

Yes. The Bailey settlement affects the taxation of retirement benefits paid to former employees of the State of North Carolina who were enrolled in the ORP prior to August 12, 1989. If you move your funds to TIAA-CREF or Fidelity you will continue to be covered under the Bailey settlement; however, if you move your funds to an IRA, you will lose the favorable tax treatment of retirement benefits.

The information in this guide is general in nature and may be subject to change. The University of North Carolina cannot give investment advice to you and neither The University of North Carolina, Fidelity Investments, Lincoln Financial Group, TIAA-CREF, VALIC, nor any of their agents/representatives, can give legal or tax advice. Applicable laws and regulations are complex and subject to change. For legal and tax advice concerning your situation you should consult your attorney or tax adviser.

For more information about any of the authorized carriers or their products, including investment options, charges and expenses, please contact the investment advisor representative for a prospectus. Please read the prospectus carefully before selecting an investment carrier or investment option. In the event of a conflict between this guide and the Plan documents, the Plan documents will control. The University reserves the right to amend the Plan documents.