THE UNIVERSITY OF NORTH CAROLINA

SECTION 403(B) PLAN DOCUMENT

AMENDMENT NO. 2011-1

W I T N E S S E T H:

WHEREAS, The University of North Carolina 403(b) Plan (the "Plan"), a defined contribution pension plan under the Internal Revenue Code of 1986, as amended, has heretofore been adopted by its sponsor and is now in effect in the form of a plan document that was effective January 1, 2009;

WHEREAS, pursuant to Section 8 of the Plan, The University of North Carolina, as Plan sponsor, has retained the right to amend the Plan from time to time and to terminate the Plan;

WHEREAS, The University of North Carolina believes it is necessary and in the best interest of the participants and beneficiaries of the Plan that the Plan be amended (i) to permit in-plan taxable rollovers to designated Roth accounts, (ii) to permit Employers to make non-elective contributions to former Employees for up to five years following Severance from Employment; (iii) to comply with the Heroes Earnings Assistance and Relief Tax of 2008; and (iv) to clarify certain beneficiary designation rules.

NOW, THEREFORE, the Plan is amended as follows:

I. A new Section 1.22 is added to read as follows. The remaining sections in Section 1 are renumbered and any cross references to existing sections Section 1 are updated accordingly.

1.22 "Roth Rollover". Amounts transferred pursuant to Section 10.4 or Section 10.7 that have been irrevocably designated by a Participant as not excludable from the Participant’s gross income, and earnings thereon, that are deposited into an account maintained under the Plan to hold Roth 403(b) Contributions.

II. Section 1.6 is amended by adding the following new paragraph to the end of the existing section:

If no duly designated Beneficiary exists at the date of death of the Participant, or if the Beneficiary designated has died prior to the Participant, or if the Participant has revoked a prior designation in writing filed with the Administrator or designee without having filed a new designation, then any death benefits which would have been payable to the Beneficiary shall be payable to the Participant’s spouse, if living; if not living, equally to the Participant’s children; or if none survive, then to the Participant’s estate.
III. A new subsection (c) is added to Section 2.2 to read as follows:

(c) **Nonelective Employer Contributions.** An Employer may make nonelective contributions to the Account of any Participant or group of Participants, subject to the limits on annual contributions that are set forth in Section 3.6. Any such nonelective contributions shall be separately accounted for in each Participant’s Account and fully vested. An Employer may choose to continue making nonelective contributions on behalf of former Employees designated from time-to-time by the Employer for a period ending no later than the last day of the fifth taxable year that begins after the Employee’s Severance from Employment with all Employers. For this purpose, the former Employee will be deemed to have monthly Includible Compensation in an amount equal to one-twelfth of the former Employee’s Includible Compensation during the Employee’s most recent year of service. No contribution shall be made after the end of the Employee’s fifth taxable year following the year in which the Employee terminated employment. Any former Employee who is receiving post-severance nonelective employer contributions under this Section will continue to be deemed a Participant, but shall not be eligible to make any Elective Deferrals or Roth 403(b) Contributions.

IV. Section 3.5 is amended by adding the following new sentence to the end of the existing section:

In the case of a Participant who dies while performing qualified military service, his survivors shall be entitled to any additional benefits (other than benefit accruals related to the period of qualified military service) that may be provided under the Plan had he resumed and terminated employment on account of death.

V. A new Section 10.7 is added to provide as follows:

10.7 **Roth Rollovers Within the Plan.** A Participant may elect to have all or any portion of his or her non-Roth Account Balance distributed and directly rolled over in a taxable rollover contribution to accounts maintained to hold Roth 403(b) Contributions, provided that the Funding Vehicles selected by a Participant will accept such Roth Rollovers. A rollover is permitted under this Section 10.7 only if the amounts designated for rollover are otherwise eligible to be distributed and rolled over under the Plan’s provisions. For purposes of this Section, a Participant may elect to receive an in-service distribution upon reaching age 59½ of all or any portion of the amount held in a non-Roth account, as long as the distributed amount is directly rolled over into a Roth account. Amounts rolled over pursuant to this Section shall not be considered Roth 403(b) Contributions under the Plan in determining the maximum deferral under Section 3. A Participant’s Roth Rollover election shall be made on forms provided by the Administrator and/or Employer, and, to the extent required on the forms, shall also include designation of the Funding Vehicles and Accounts therein to which the amounts are to be allocated.

This Amendment No. 2011-1 shall be effective as of January 1, 2011.
IN WITNESS WHEREOF, The University of North Carolina has caused this Amendment No. 2011-1 to be executed by its duly appointed officer.

Plan Sponsor:  
THE UNIVERSITY OF NORTH CAROLINA

By: [Signature]  
[Thomas W. Ross]  
[2011-12-31] Date Signed

Title: [President]