UNC System Voluntary 403(b) Retirement Program

403(b) Universal Availability Notice 2010

The University of North Carolina offers you a choice of voluntary supplemental retirement programs on a pre-tax and post-tax (Roth) basis in accordance with Section 403(b) of the Internal Revenue Code. Under the UNC System Voluntary 403(b) Retirement Program, eligible employees may elect to defer a portion of their compensation under the 403(b) Program to supplement their retirement savings.

The Voluntary 403(b) program is designed to help you invest more money today so that you have the income you need in your retirement years. It provides a supplement to either the N.C. Teachers’ and State Employees’ Retirement System or the UNC Optional Retirement Program, the State’s mandatory retirement plans available to permanent employees who work 30 or more hours per week. Voluntary contributions to 403(b) have become an increasingly important part of saving for retirement.

Eligibility

All employees who receive compensation reportable on a W-2 and pay FICA are eligible to participate in the University’s 403(b) program, so long as the employee elects to contribute at least $200 each calendar year.

Contributions

An eligible employee may elect to defer a portion of his or her compensation on a pre-tax or post-tax (Roth) basis.

Pre-tax Contributions: If you elect to make contributions on a pre-tax basis, both federal and state income taxes are deferred on any contributions and earnings until a distribution is made from the plan. Distributions are taxed as ordinary income for federal and state income tax purposes. Generally, a participant must begin receiving a distribution no later than April 1 following the year in which age 70 ½ or retirement is attained, whichever is later.

Post-tax Contributions (Roth): A Roth 403(b) account allows you to designate some or all of your contributions on an after-tax basis, rather than the traditional pre-tax contributions. Interest and earnings on these contributions when withdrawn are generally tax-free. In the event of either retirement or termination, your earnings can be withdrawn tax-free as long as it has been five tax years since your first Roth 403(b) contribution and you are at least 59 ½ years old.

Contribution Limits

Annual contribution limits are set by the Internal Revenue Service (IRS). The IRS allows an eligible employee to make an additional catch-up contribution beginning in the year in which he or she turns age 50. For 2010, the calendar year limit under the Voluntary 403(b) Program is as follows:

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Annual Contribution Limit</th>
<th>Age 50+ Catch-up Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$16,500</td>
<td>$5,500</td>
</tr>
</tbody>
</table>

Note: This is a combined limit for pre-tax and Roth after-tax contributions.
Approved Vendors

The University has approved Fidelity Investments and TIAA-CREF as the two financial services companies offering options under the UNC System Voluntary 403(b) Retirement Program. Fidelity and TIAA-CREF provide a wide range of mutual fund investment options and annuity products through their own funds and other investment managers in the industry. Both companies offer resources and tools to help participants plan their investment strategy. Eligible employees should contact each vendor for information about plan investment options and services provided.

Fidelity Investments: Telephone: 1-800-343-0860

TIAA-CREF: Telephone 1-800-842-2888

Enrollment Process

Eligible employees may enroll immediately upon date of hire or at any time. To start the enrollment process, please visit the website below and follow the steps listed:

www.northcarolina.edu/403(b)

Step 1 – Complete a Salary Reduction Agreement (SRA) (forms and instructions available on the website)

Step 2 – Enroll in the plan with Fidelity and/or TIAA-CREF

Contributions may be designated as a percent of salary or as a flat dollar amount depending on your campus payroll capability. The SRA will apply only to amounts earned after enrolling in the Plan, and an employee’s election under the SRA will continue until the SRA is modified or revoked by the employee.

Modifying a Deferral Election

An eligible employee may increase, decrease or stop his or her future contributions to the plan at any time by completing an SRA. Employees may also change from one vendor to another at any time by completing an SRA to stop contributions with the existing vendor, and following the steps above to enter into a new agreement with another vendor. It is also possible to make contributions to more than one vendor at a time.

More Information

If you have questions about the UNC System Voluntary 403(b) Program, please contact your Campus Benefits Office or visit the 403(b) website at: www.northcarolina.edu/403b

This notice is provided as a source of information and does not constitute legal, tax or other professional advice. If legal advice, tax advice or other professional assistance is required, the services of a professional advisor should be sought. Every effort has been made to make this notice as thorough and accurate as possible. However, there are other legal documents, laws, and regulations that govern the operation of the Program. It is understood that in the event of any conflict, the terms of the Plan Document, applicable laws, and regulations will govern.

5-25-10