April 11, 2014

Dear UNC Retirement Program Participant:

The University of North Carolina (UNC) sponsors various retirement programs (e.g., the UNC Optional Retirement Program (ORP) and the UNC 403(b) Plan), which provide you the opportunity to save for your financial future. We continuously strive to improve these programs to help ensure that you reach your retirement savings goals. That’s why we are excited to announce important upcoming changes to these programs — changes we believe will make saving for your future simpler and more rewarding.

What's Changing?
Effective July 1, 2014, there are two important changes:

- The fund lineup for Fidelity and TIAA-CREF will change to a four-tier structure. 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-only contributions)

- Two of the ORP’s current investment carriers – VALIC and the Lincoln Financial Group – will no longer be available to new participants in the ORP.* Current ORP participants who hold investments with these two carriers will have until the end of the year to change their future investment elections and reallocate their existing account balances to either TIAA-CREF or Fidelity. Contributions to VALIC and the Lincoln Financial Group funds may continue through December 31, 2014 for current participants.

*Please note: These investment carriers have not been available under the UNC 403(b) Plan since January 1, 2009.

Why Are We Making These Changes?
These changes are being made with your financial future in mind, and will enhance your savings opportunity. These upcoming changes will:

- Provide you with more streamlined investment choices, helping to simplify your retirement planning and decision-making
- Result in lower recordkeeping and investment fund fees, which means every dollar you invest in the Plan goes further toward reaching your savings goals
- Demonstrate the University’s fiduciary commitment to ensure the retirement programs keep up with changes in financial markets and meet all legal requirements
Helping You Make Informed Decisions
To help you understand the changes and how they may affect your retirement savings goals, UNC will be providing a comprehensive educational campaign.

In early May, you will receive a transition guide, which includes details about the new fund lineup available through Fidelity and TIAA-CREF. It will outline the fund mapping, provide key dates and highlight the decision-support resources available to you.

Beginning July 1, 2014, all retirement program participants will be able to participate in a one-on-one investment advice meeting with CAPTRUST, the University’s investment advisor. 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 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.

Next Steps
We encourage you to take full advantage of the guidance, tools and education opportunities available to you in the months ahead to help you maximize your savings and plan for a successful retirement. If you have any questions, please contact your campus HR Benefits Representative.

As you learn more about these changes and prepare to make choices about your investments, keep in mind what is not changing — UNC’s commitment to helping you prepare for your financial future.

Sincerely,

[Signature]

Brian M. Mullen