

UNC RETIREMENT, SAVINGS & INVESTMENT SUMMARY

WWW.NORTHCAROLINA.EDU/HR

July, 2009

| Benefit | Who Pays | Eligibility ¹ | | |
|--|---|--------------------------|---------|---------|
| | | Level 1 | Level 2 | Partial |
| N.C. Teachers' and State Employees' Retirement System (TSERS) | | | | |
| <ul style="list-style-type: none"> • Defined Benefit Plan that provides monthly retirement income, disability benefits, survivor income, and death benefits. • Member is vested after five years of service credit. • Retirement benefits determined by a formula based on age, years of service, and highest average salary. • Unreduced retirement benefit after 30 years of retirement service, at age 60 with 25 years of service, or at age 65 with 5 years of service. • Early retirement with reduced benefit at age 50 with 20 years of retirement service or at age 60 with 5 years of service. • Death Benefit of up to \$50,000 after one year of service. • Disability Income Plan of North Carolina provides short-term and long-term disability benefits. • State continues to pay your Health Insurance contribution if you are in receipt of a monthly retirement benefit. | <p>You contribute 6% of gross salary up to \$230,000 per year that is tax-sheltered from state and federal taxes. UNC contributes 8.14% to fund the following:</p> <ul style="list-style-type: none"> • 3.36% Pension Accumulation Fund • 4.10% Retirees' Health Care • 0.52% Disability Income Plan • 0.16% Death Benefit Trust Fund <p>Note: If you were employed prior to 1-1-96, the 2009 annual limit on compensation subject to retirement is \$345,000.</p> | √ | √ | |

¹ **Benefits Eligibility Definitions:**

Level 1 Benefits: You are eligible to enroll in Level 1 Benefits if you are appointed to an EPA (Exempt from the State Personnel Act) position by the UNC Board of Governors on a permanent basis at least 75% time or more.

Level 2 Benefits: You are eligible to enroll in Level 2 Benefits if you are appointed to work on a permanent basis at least 75% time or more (30 hours or more per week) as an EPA (Exempt from the State Personnel Act) employee or SPA (Subject to the State Personnel Act) employee.

Partial Benefits: You are eligible to enroll in Partial Benefits if you are appointed to either an EPA or SPA position and work on a permanent basis at least 50% time but less than 75% time (20 to 29 hours per week).

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| UNC Optional Retirement Program | | | | |
| <ul style="list-style-type: none"> • Defined Contribution Plan that is an option or alternative to TSERS and provides nationwide portability. • Vesting in the value of your contributions is immediate; five-year delayed vesting in UNC's contributions. • Contributions may be directed to two of four carriers-- Fidelity Investments, Lincoln Life, TIAA-CREF, or AIG VALIC; may transfer existing ORP assets among all carriers. • Select from over 80 investment funds including fixed and variable account options and mutual funds. • Retirement benefit based on investment performance and payment options chosen. • State continues to pay your Health Insurance contribution if you are in receipt of a monthly retirement benefit. • Disability Income Plan of North Carolina provides short-term and long-term disability benefits. | <p>You contribute 6% of gross salary up to \$230,000 per year that is tax-sheltered from state and federal taxes. UNC contributes 11.46% to fund the following:</p> <ul style="list-style-type: none"> • 6.84% ORP Carrier • 4.10% Retirees' Health Care • 0.52% Disability Income Plan <p>Note: If you were employed prior to 7-1-96, the 2009 annual limit on compensation subject to retirement is \$345,000.</p> | √ | | |
| Supplemental Retirement Plans | | | | |
| <p>You may participate in tax-advantaged retirement savings programs on a voluntary basis and direct contributions to any of the following plans:</p> <ul style="list-style-type: none"> • UNC System Voluntary Retirement Program 403(b) • State of North Carolina 401(k) Plan | <ul style="list-style-type: none"> • You • You | √ | √** | √** |
| | | √ | √ | √ |

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Partial Benefits: You are eligible to enroll in Partial Benefits if you are appointed to either an EPA or SPA position and work on a permanent basis at least 50% time but less than 75% time (20 to 29 hours per week).

**Those EPA and SPA employees who are appointed on a permanent basis by an independent agency that has been assigned to the Office of the President/General Administration are not eligible to participate in 403(b) Tax-Sheltered Annuities.

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| Supplemental Retirement Plans (cont.) | | | | |
| <ul style="list-style-type: none"> North Carolina 457 Deferred Compensation Plan <p>You authorize the amount of reduction in your paycheck up to the IRS annual contribution limit. Income taxes are deferred; Federal and State taxes are <u>not</u> withheld from these contributions.</p> | <ul style="list-style-type: none"> You | √ | √ | |
| Social Security | | | | |
| A federal program of Old Age, Survivors, Disability, and Health Insurance benefits. | <ul style="list-style-type: none"> You and UNC pay the same amount of taxes (based on the employee's earnings) for Social Security (FICA) and Medicare up to a maximum taxable amount established by federal law. For 2009, FICA cost is 6.2% up to \$102,000 of salary and Medicare cost is 1.45% of salary. | √ | √ | √ |
| U.S. Savings Bonds | | | | |
| You may buy U.S. Savings Bonds through convenient payroll deduction. | <ul style="list-style-type: none"> You | √ | √ | √ |

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