

ADMINISTRATIVE MEMORANDUM

SUBJECT

Application to the Internal Revenue Service for
determination that the Optional Retirement Program
qualifies under IRC Section 403(a)

NUMBER

238

DATE May 30, 1986

Introduction.

This Administrative Memorandum tells you what your institution needs to do to assist this office in seeking and obtaining from the Internal Revenue Service a determination letter for the Optional Retirement Program (ORP) with respect to qualification of the Plan under Internal Revenue Code Section 403(a). It is important that you insure that your institution does the things indicated, on the schedule indicated, in support of the filing with the IRS. Failure of any one constituent institution to do the things requested on the timetable requested may cause delay or denial of the determination to be sought from the IRS. Because the determination is being sought to assure the enhanced tax treatment of employee compensation anticipated when the ORP was amended by the Board of Governors, our failure to obtain, or delay in obtaining, the IRS determination might adversely impact on the tax-advantaged status of individual University employees. Therefore, I request your earnest attention to this Administrative Memorandum.

Documents Attached.

There are attached to this Administrative Memorandum documents having the following item designations:

- Item 1 - Notice to Interested Parties.
- Item 2 - Section 6 of Revenue Procedure 80-30, Rights of Notice to and Comment by Interested Parties and the Pension Benefit Guaranty Corporation.
- Item 3 - Letter dated May 30, 1986, transmitting Application for Determination for Defined Contribution Plan to the IRS.
- Item 4 - Excerpts from minutes of the Board of Governors meeting of October 11, 1985, embracing the adopting resolution for the Plan of the Optional Retirement Program as amended by the adopting resolution, effective July 1, 1985.
- Item 5 - Form 5301 (with attachments), Application for Determination for Defined Contribution Plan.

Actions you must take.

- A. Item 1 (Notice to Interested Parties) must be first posted on your campus not earlier than June 2, 1986, nor later than June 16, 1986, "in the principal places where such notices regarding labor-management relations are usually posted." Item 1 must remain posted until September 23, 1986. Item 1 has an attachment listing those persons at each constituent institution and General Administration who administer the Optional Retirement Program, and these persons should be responsible for carrying out each action or function with respect to Items 1 through 5. If the listing for the individual who functions in this manner at your institution has changed in any way, you may change the listing for your institution accordingly before posting Item 1 as required. However, we believe the list to be current.
- B. Items 1 through 5 must be maintained by the indicated administrator at your institution for viewing and possible copying by any employee of The University of North Carolina who is an administrator or faculty member of the rank of Instructor or above, whether serving your constituent institution or another. Such University employees may also request that they be mailed copies of any of Items 1 through 5. Your institution may require payment of "a reasonable charge" for any copying or mailing under this procedure.

Assistance in acting on this Memorandum.

Should you have any question about the proper completion of actions to be taken pursuant to this Administrative Memorandum, please make prompt inquiry of Mr. David Edwards, Special Assistant to the President.



C. D. Spangler, Jr.

Attachments

NOTICE TO INTERESTED PARTIES

1. Notice to: All Active Employees

An application is to be made to the Internal Revenue Service for an advance determination on the qualification of the following employee pension benefit plan:

2. Name of Plan: Optional Retirement Program of The University of North Carolina
3. Plan Number: 01
4. Name and address of applicant: The University of North Carolina
Post Office Box 2688
Chapel Hill, NC 27515-2688
5. Applicant EIN: 56-6172047
6. Name and address of plan administrator:
The University of North Carolina
Post Office Box 2688
Chapel Hill, NC 27515-2688
7. The application will be filed on June 23, 1986, with the Key District Director, Internal Revenue Service at Post Office Box 1055, 275 Peachtree Street, N.E. Atlanta, Georgia 30301, for an advance determination as to whether the plan meets the qualification requirements of section 403 of the Internal Revenue Code of 1954, with respect to the plan's initial qualification.
8. The employees eligible to participate under the plan are:

For purposes of eligibility "Employee" means any of the administrators or faculty of the University of North Carolina with the rank of instructor or above.
9. The Internal Revenue Service has not previously issued a determination letter with respect to the qualification of this plan.

RIGHTS OF INTERESTED PARTIES

10. You have the right to submit to the Key District Director, at the above address, either individually or jointly with other interested parties, your comments as to whether this plan meets the qualification requirements of the Internal Revenue Code.

You may, instead, individually or jointly with other interested parties, request the Department of Labor to submit, on your behalf, comments to the Key District Director regarding qualification of the plan. If the Department declines to comment on all or some of the matters you raise, you may, individually, or jointly if your request was made to the Department jointly, submit your comments on these matters directly to the Key District Director.

REQUESTS FOR COMMENTS BY THE DEPARTMENT OF LABOR

11. The Department of Labor may not comment on behalf of interested parties unless requested to do so by the lesser of 10 employees or 10% of the employees who qualify as interested parties. The number of persons needed for the Department to comment with respect to this plan is 10. If you request the Department to comment, your comment must be in writing and must specify the matters upon which comments are requested and must also include:

- (1) the information contained in items 2 through 5 of this Notice and
- (2) the number of persons needed for the Department to comment.

A request to the Department to comment should be addressed as follows:

Administrator of Pension and Welfare Benefit Programs
U. S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC

COMMENTS TO THE INTERNAL REVENUE SERVICE

12. Comments submitted by you to the Key District Director must be in writing and received by him by August 7, 1986. However, if there are matters that you request the Department of Labor to comment upon on your behalf, and the Department declines, you may submit comments on these matters to the Key District Director to be received by him within 15 days from the time the Department notifies you that it will not comment on a particular matter, or August 7, 1986, whichever is later. (In no event may the request be received later than the 60th day after the application for determination was received.) A request to the Department to comment on your behalf must be received by it by July 8, 1986, if you wish to preserve your right to comment on a matter upon which the Department declines to comment, or by July 18, 1986, if you wish to waive that right.

ADDITIONAL INFORMATION

13. Detailed instructions regarding the requirements for notification of interested parties may be found in sections 6, 7, and 8 of Revenue Procedure 80-30. Additional information concerning this application (including an updated copy of the plan; the application for determination; any additional documents dealing with the application that have been submitted to the IRS; and copies of section 6 of Revenue Procedure 80-30) is available at

[See Attachment to Notice to Interested Parties]

The information may be viewed between the hours of 9:00 a.m. and 4:00 p.m. on business days. There may be a normal charge for copying and/or mailing.

ATTACHMENT TO NOTICE TO INTERESTED PARTIES

University of North Carolina
CAMPUS ADMINISTRATORS FOR EMPLOYEE BENEFITS

APPALACHIAN STATE UNIVERSITY, BOONE, NC 28608
Mr. Larry Nance, Director of Personnel, Founders Hall 704/262-3186

EAST CAROLINA UNIVERSITY, Greenville, NC 27834
Mr. Melvin Buck, Director of Personnel, 701 East Fifth Street 919/757-6352

ELIZABETH CITY STATE UNIVERSITY, Elizabeth City, NC 27909
Ms. Brenda Overton, Director of Personnel, Cottage 23 919/335-3252

FAYETTEVILLE STATE UNIVERSITY, Fayetteville, NC 23801
Mr. Matthew Jarman, Director of Personnel, Administration Building 919/486-1146

NORTH CAROLINA A & T STATE UNIVERSITY, Greensboro, NC 27411
Mrs. Lillian M. Couch, Personnel Office, Dudley Building 919/379-7862

NORTH CAROLINA CENTRAL UNIVERSITY, Durham, NC 27707
Mrs. Carolyn Thomas, Personnel Office, Personnel Cottage 919/683-6205

NORTH CAROLINA SCHOOL OF THE ARTS, Winston-Salem, NC 27107
Mrs. Isabel Johnson, Director of Personnel, Administration Building 919/784-7170

NORTH CAROLINA STATE UNIVERSITY AT RALEIGH, Raleigh, NC 27650
Ms. Ruth Ellis, Benefits Officer, Administrative Service Center 919/737-2151

PEMBROKE STATE UNIVERSITY, Pembroke, NC 28372
Mr. William S. Mason, Personnel Officer, Sampson Hall 919/521-4214

UNIVERSITY OF NORTH CAROLINA AT ASHEVILLE, Asheville, NC 28804-3299
Mr. John H. Neuse, Director of Accounting, Phillips Administration Building 704/258-6608

UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL, Chapel Hill, NC 27514
Ms. Kitty McCollum, Faculty Benefits Officer, South Building 919/962-3071

UNIVERSITY OF NORTH CAROLINA AT CHARLOTTE, Charlotte, NC 28223
Mr. Ralph Pedersen, Director of Personnel, Reese Building 704/597-4269

UNIVERSITY OF NORTH CAROLINA AT GREENSBORO, Greensboro, NC 27412
Mrs. Mazie Bullard, Personnel Officer, Forney Building 919/379-5009

UNIVERSITY OF NORTH CAROLINA AT WILMINGTON, Wilmington, NC 28403-3297
Ms. Dianne R. Smith, Personnel Office, Administration Building 919/395-3162

Sec. 6 Rights of Notice to and Comment by Interested Parties and the Pension Benefit Guaranty Corporation .01 Persons who qualify as interested parties under section 1.7476-1(b) of the regulations, and the Pension Benefit Guaranty Corporation shall have the following rights:

1 To receive notice, in accordance with section 7 below, that there will be filed an application for an advance determination regarding the qualification of plans described in sections 401, 403(a), and 405(a) of the Code, or with respect to plans described in section 15.01 below, to receive notice, in accordance with section 8 below, of the adoption or amendment of such plans;

2 To submit written comments with respect to the qualification of such plans to the Internal Revenue Service;

3 To request the Department of Labor to submit a comment to the Service on behalf of the interested parties; and

4 To submit written comments to the Service on matters with respect to which the Department of Labor was requested to comment but declined.

.02 Comments submitted by interested parties must be received by the Key District Director by the 45th day after the date on which the application for determination is received by the Key District Director (see sections 6.03 and 6.04 for filing deadlines where the Department of Labor has been requested to comment). Such comments must be in writing, signed by the interested parties or by an authorized representative of such parties (as provided in section 601.201(e)(6) of the Statement of Procedural Rules), addressed to the Key District Director to whom the application for determination was submitted, and contain the following information:

1 The names of the interested parties making the comments;

2 The name and taxpayer identification number of the applicant for a determination;

3 The name of the plan, the plan identification number, and the name of the plan administrator;

4 Whether the parties submitting the comment are:

(a) Present employees eligible to participate under the plan,

(b) Present employees with accrued benefits under the plan, former employees with vested benefits under the plan, beneficiaries of deceased former employees currently receiving benefits under the plan, or

(c) Present employees not eligible to participate under the plan;

5 The specific matters raised by the interested parties on the question of whether the plan meets the requirements for qualification involving sections 401, 403(a), and 405(a) of the Code, and how such matters relate to the interests of the parties making the comment; and

6 The address of the interested party submitting the comment (or if a comment is submitted jointly by more than one party, the name and address of a designated representative) to which all correspondence, including a notice of the Service's final determination with respect to qualification, should be sent. (The address designated for notice by the Service will also be used by the Department of Labor in communicating with the parties submitting a request for comment.) The designated representative may be one of the interested parties submitting the comment or an authorized representative. If two or more interested parties submit a single comment and one person is not designated in the comment as the representative for receipt of correspondence, a notice of determination mailed to any interested party who submitted the comment shall be notice to all the interested parties who submitted the comment for purposes of section 7476(b)(5) of the Code.

.03 A request to the Department of Labor to submit to the Key District Director a comment pursuant to section 3001(b)(2) of the Act must be made in accordance with the following procedures.

1 The request must be received by the Department of Labor by the 25th day after the day the application is received by the Key District Director. However, if the parties requesting the Department to submit a comment wish to preserve the right to comment to the Key District Director in the event the Department declines to comment, the request must be received by the Department by the 15th day after the application is received by the Key District Director.

2 The request to the Department of Labor to submit a comment to the Key District Director must:

(a) Be in writing;

(b) Be signed as provided in section 6.02 above;

(c) Contain the names of the interested parties requesting the Department to comment and the address of the interested party or designated representative to whom all correspondence with respect to the request should be sent. See also section 6.02(6) above;

- (d) Contain the information prescribed in section 6.02-2, 3, 4, above;
- (e) Contain the address of the Key District Director to whom the application was or will be submitted;
- (f) State the specific matters upon which the Department's comment is sought, as well as how such matters relate to the interested parties making the request; and

(g) Be addressed as follows:

Administrator of Pension and Welfare Benefit Programs, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20216

Attention: 3001 Comment Request

.04 If a request described in 6.03 is made and the Department of Labor notifies the interested parties making the request that it declines to comment on a matter concerning qualification of the plan which was raised in the request, the parties submitting the request may still submit a comment to the Key District Director on such matter. The comment must be received by the later of the 45th day after the day the application for determination is received by the Key District Director or the 15th day after the day on which notification is given by the Department that it declines to submit a comment on such matter. (See section 6.07 for the date of notification.) In no event may the request be received later than the 60th day after the application for determination was received. Such a comment must comply with the requirements of section 6.03 and include a statement that the comment is being submitted on matters raised in a request to the Department upon which the Department declined to comment.

.05 For rules regarding the confidentiality of contents of written comments submitted by interested parties to the Service pursuant to section 6.03 or 6.04, see section 601.201(o)(5) of the Statement of Procedural Rules.

.06 For rules regarding the availability to the applicant of copies of all comments on the application submitted pursuant to section 6.01-1, 2, or 3 of this revenue procedure, see section 601.201(o)(5) of the Statement of Procedural Rules.

.07 An application for an advance determination, a comment to the Key District Director, or a request to the Department of Labor shall be deemed made when it is received by the Key District Director, or the Department. Notification by the Department that it declines to comment shall be deemed given when it is received by the interested party or designated representative. The notice described in section 7.01 below shall be deemed given when it is given in person, posted as prescribed in the regulations under section 7476 of the Code, or received through the mail. In any case where such an application, comment, request, notification, or notice is sent by mail, it shall be deemed received as of the date of the postmark (or if sent by certified or registered mail, the date of certification or registration), if it is deposited in the mail in the United States in an envelope or other appropriate wrapper, first class postage prepaid, properly addressed. However, if such an application, comment, request, notification, or notice is not received within a reasonable period from the date of postmark, the immediately preceding sentence shall not apply.

THE UNIVERSITY OF NORTH CAROLINA

ITEM 3

General Administration

P.O. BOX 2688
CHAPEL HILL 27515-2688

May 30, 1986

TELEPHONE (919) 962-6981 ⁻¹⁰⁰⁰

DAVID N. EDWARDS, JR.
Special Assistant to the President

Key District Director
Internal Revenue Service
Post Office Box 1055
275 Peachtree Street, N.E.
Atlanta, Georgia 30301
Attention: EP/EO Division

Re: Optional Retirement Program of The University of North Carolina

Dear Sir:

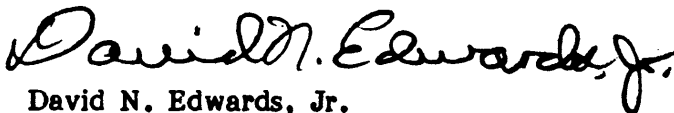
Pursuant to Rev. Proc. 80-30, the following information is submitted:

- (1) Copies of the North Carolina laws authorizing and establishing the above-captioned Plan;
- (2) Board of Governors Resolution adopting the Plan;
- (3) Executed copy of the Plan;
- (4) Sample copies of the individual annuity contracts for participation in the Optional Retirement Program of The University of North Carolina;
- (5) Copy of notice to interested parties regarding submission of Plan to Internal Revenue Service for a determination; and
- (6) Completed Form 5301 and attachments.

This information is submitted for the purpose of obtaining a determination that the captioned Plan meets the requirements of Section 403(a) of the Internal Revenue Code of 1954.

Under the penalties of perjury, I have examined this request, including accompanying documents, and to the best of my knowledge and belief, the facts presented in support of the requested ruling or determination letter are true, correct and complete. If you should require further information concerning the qualification of this plan, please notify me.

Submitted By:


David N. Edwards, Jr.

Enclosures

cc: Michael Footer
William M. Mercer-Meidinger, Incorporated

Excerpt from minutes of Board of Governors Meeting held on 10/11/85

REPORT OF COMMITTEE ON BUDGET AND FINANCE

Mr. Dees, Chairman of the Committee on Budget and Finance, presented the Committee's report.

Optional Retirement Program for Administrators and Faculty Members

Mr. Dees said a comprehensive restatement was needed of the optional retirement program (the TIAA-CREF Program) to reflect statutory changes. He therefore moved adoption of a resolution entitled:

RESOLUTION OF THE BOARD OF GOVERNORS OF THE
UNIVERSITY OF NORTH CAROLINA WITH RESPECT TO
THE OPTIONAL RETIREMENT PROGRAM (Appendix A)

Dr. Turner seconded the motion and it carried.

APPENDIX A

RESOLUTION OF THE BOARD OF GOVERNORS OF
THE UNIVERSITY OF NORTH CAROLINA
WITH RESPECT TO
THE OPTIONAL RETIREMENT PROGRAM

WHEREAS in 1971 the General Assembly authorized an Optional Retirement Program for administrators and faculty of The University of North Carolina with the rank of instructor or above, as provided by G.S. 135-5.1; and

WHEREAS, as authorized by the said G.S. 135-5.1, the respective governing boards of those institutions now comprising The University of North Carolina each adopted an optional retirement program, designating the Teachers Insurance and Annuity Association-College Retirement Equities Fund to provide annuity contracts; and

WHEREAS the 1985 General Assembly amended G.S. 135-5.1 (1) to insure its consistency with legislation enacted in 1982 intended to enhance the tax advantages to participants in the Teachers' and State Employees' Retirement System and the Optional Retirement Program and (2) to conform the statute to the structure of The University effective July 1, 1972; and

WHEREAS G.S. 135-5.1, as amended, expressly preserves the participation in the Optional Retirement Program by those University employees electing membership therein prior to the said amendment to G.S. 135-5.1 and, furthermore, expressly preserves the viability of annuity contracts entered into under G.S. 135-5.1 prior to the said amendment; and

WHEREAS there is needed a comprehensive restatement of the Optional Retirement Program to reflect these statutory and administrative events and to provide a description of the Optional Retirement Program in a form compatible with requirements of the Internal Revenue Service;

NOW, THEREFORE, the Board of Governors of The University of North Carolina hereby adopts as the Plan of the Optional Retirement Program (for all the constituent institutions) that document attached hereto and entitled "Optional Retirement Program of The University of North Carolina, Effective Date, July 1, 1985."

Form **5301**

(Rev. Dec. 1982)

Department of the Treasury
Internal Revenue Service**Application for
Determination for Defined Contribution Plan****For Profit-sharing, Stock Bonus and Money Purchase Plans**

(Under sections 401(a), 401(h), and 501(a) of the Internal Revenue Code)

OMB No. 1545-0197
Expires 12-31-85**For IRS Use Only**File
folder
number ▶▶ **Church and Governmental Plans.**—All items need not be completed. See instruction B. "What to File."

CAUTION: Before submitting this application, be sure that all line items (other than exceptions indicated above) are complete (enter N/A if an item does not apply). Also be sure all information requested in the form or instructions is included, and the application is signed by the employer, plan administrator or authorized representative. Failure to meet these requirements may result in a request for the missing information or return of the application for completion, in which event there will be a delay in processing your application.

1 (a) Name of plan sponsor (employer if single employer plan) <u>THE UNIVERSITY of North CAROLINA</u>		1 (b) Employer identification no. <u>56-6172047</u>
Address (number and street) <u>P.O. Box 2688</u>		1 (c) Employer's tax year ends Month <u>6</u> Day <u>30</u> Year <u>1986</u>
City or town, State and ZIP code <u>CHAPEL HILL North CAROLINA 27515-2688</u>		Telephone number <u>(919) 962-1000</u>
2 Person to be contacted if more information is needed (If same as 1(a) enter "same as 1(a)"). (See Specific Instructions.)		
Name <u>David N. Edwards, JR.</u>		Telephone number <u>(919) 962-1000</u>
Address <u>SAME AS 1(a)</u>		

3 (a) Determination requested for (check applicable box(es)): See instruction B. "What to File."

(i) ☒ Initial qualification—Date plan signed 10/11/85 Date plan effective 7/1/85

(ii) ☐ Amendment after initial qualification—Date amendment signed _____ Date amendment effective _____

(iii) ☐ Affiliated service group status (section 414(m)) Date effective _____

(iv) ☐ Partial termination Date effective _____

(b) Enter IRS file folder number shown on the last determination letter issued to the plan sponsor N/A

(c) Is this application also expected to satisfy the notice requirement for this plan for merger, consolidation, or transfer of plan assets or liabilities involving another plan? ☐ Yes ☒ No

(d) Were employees who are interested parties given the required notification of the filing of this application? ☒ Yes ☐ No

(e) Is this plan or trust currently under examination or is any issue related to this plan or trust currently pending before the Internal Revenue Service, the Department of Labor, the Pension Benefit Guaranty Corporation, or any court? ☐ Yes ☒ No
If "Yes," attach explanation.

(f) Does your plan contain cash or deferred arrangements described in section 401(k)? ☐ Yes ☒ No
If "Yes," is a determination also requested on the qualification of those provisions? (See instruction B.) ☐ Yes ☒ No

4 (a) Name of plan <u>OPTIONAL RETIREMENT PROGRAM OF THE UNIVERSITY OF NORTH CAROLINA</u>	(b) Plan number ▶ <u>01</u>
	(c) Plan year ends ▶ <u>6/30</u>
	(d) Is this a Keogh (H.R. 10) plan? <u>N/A</u> <input type="checkbox"/> Yes <input type="checkbox"/> No
	(e) If "Yes," is an owner-employee in the plan? <input type="checkbox"/> Yes <input type="checkbox"/> No

5 Other qualified plans—Enter for each other qualified plan you maintain (do not include plans that were established under union-negotiated agreements that involved other employers):

(a) Name of plan ▶ TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM of North Carolina

(b) Type of plan ▶ DEFINED benefit plan

(c) Rate of employer contribution ▶ N/A

(d) Allocation formula ▶ N/A

(e) Benefit formula or monthly benefit ▶ UNDER N.C. GENERAL STATUTES SECTION 135-5 (b)(2) at 1.58% of FAC x C.S.

(f) Number of participants ▶ 25,946

6 Type of entity (check only one box):

(a) ☐ Corporation (b) ☐ Subchapter S corporation (c) ☐ Sole proprietor (d) ☐ Partnership

(e) ☐ Tax exempt organization (f) ☐ Church (g) ☒ Governmental organization

(h) ☐ Other (specify) ▶

7 (a) If this is an adoption of a district-approved pattern plan, enter name of the plan ▶ <u>N/A</u>	(b) Notification letter no. <u>N/A</u>
8 Type of plan: (a) <input type="checkbox"/> Profit-sharing (b) <input type="checkbox"/> Stock bonus (c) <input checked="" type="checkbox"/> Money purchase (d) <input type="checkbox"/> Target benefit	
(e) <input type="checkbox"/> Other (specify) ▶	

Under penalties of perjury, I declare that I have examined this application, including accompanying statements, and to the best of my knowledge and belief it is true, correct, and complete.

Signature David N. Edwards, Jr. This Special Assist. to the Pres. Date May 30, 1986

For Paperwork Reduction Act Notice, see page 1 of the instructions.

363-450-1

(Section references are to the Internal Revenue Code, unless otherwise specified)

Where applicable, indicate the article or section and page number of the plan or trust where the following provisions are contained. If not applicable, enter N/A.

<p>9 (a) General eligibility requirements:</p> <p>(i) <input type="checkbox"/> All employees (ii) <input type="checkbox"/> Hourly rate employees only (iii) <input type="checkbox"/> Salaried employees only</p> <p>(iv) <input checked="" type="checkbox"/> Other (specify) ▶ <u>SEE ATTACHED</u></p> <p>(v) Length of service (number of years) ▶ <u>N/A</u></p> <p>(vi) Minimum age (specify) ▶ <u>N/A</u></p> <p>(vii) Maximum age (specify) ▶ <u>N/A</u></p> <p>(b) Does any plan amendment since the last determination letter change the method of crediting service for eligibility? <u>N/A</u> <input type="checkbox"/> Yes <input type="checkbox"/> No</p>							<p style="text-align: right;">Section and Page Number</p> <p><u>1.12-p.3</u></p> <p><u>2.01-p.7</u></p>	
<p>10 Participation (see specific instructions): <u>N/A</u></p> <p>(a) (i) Is the employer a member of an affiliated service group? If your answer is "No," go to 10(b).</p> <p>(ii) Did a prior ruling letter rule on what organizations were members of the employer's affiliated service group or did the employer receive a determination letter that considered the effect of section 414(m) on this plan?</p> <p>(iii) If (ii) is "Yes," have the facts on which that letter was based materially changed?</p> <p>(b) Is the employer a member of a controlled group of corporations or a group of trades or businesses under common control?</p>							<p>Yes</p> <p>No</p> <p>Not Certain</p>	<p>Number</p>
<p>11 Coverage of plan at (give date) <u>N/A</u> (attach Form(s) 5302—see instructions) (If the employer is a member of an affiliated service group, a controlled group of corporations, or a group of trades or businesses under common control, employees of all members of the group must be considered in completing the following schedule.) If your plan contains cash or deferred arrangements described in section 401(k) see the specific instructions for line 11.</p> <p>(a) Total employed (see specific instructions) (include all self-employed individuals)</p> <p>(b) Statutory exclusions under this plan (do not count an employee more than once)</p> <p>(i) Minimum age or years of service required</p> <p>(ii) Employees included in collective bargaining</p> <p>(iii) Other (specify)</p> <p>(c) Total statutory exclusions under this plan (add (b)(i) through (iii))</p> <p>(d) Employees not excluded under the statute (subtract (c) from (a))</p> <p>(e) Other employees ineligible under terms of this plan (Do not count an employee included in (b))</p> <p>(f) Employees eligible to participate (subtract (e) from (d))</p> <p>(g) Number of employees participating in this plan</p> <p>(h) Percent of nonexcluded employees who are participating (divide (g) by (d)) % Complete (i) only if (h) is less than 70% and complete (j) only if (i) is 70% or more.</p> <p>(i) Percent of nonexcluded employees who are eligible to participate (divide (f) by (d)) %</p> <p>(j) Percent of eligible employees who are participating (divide (g) by (f)) % If (h) and (i) are less than 70% or (j) is less than 80%, see specific instructions and attach schedule of information.</p> <p>(k) Total number of participants (include certain retired and terminated employees (see specific instructions))</p> <p>(l) Has a plan amendment since the last determination letter resulted in exclusion of previously covered employees? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>							<p>Yes</p> <p>No</p>	<p>Section and Page Number</p> <p><u>1.06-p.2</u></p> <p><u>4.02-p.16</u></p> <p><u>2.01-p.7</u></p>
<p>12 Does the plan define the following terms—</p> <p>(a) Compensation (earned income if applicable)?</p> <p>(b) Break in service?</p> <p>(c) Hour of service (under Department of Labor Regulations)?</p> <p>(d) Joint and survivor annuity?</p> <p>(e) Normal retirement age?</p> <p>(f) Year of service?</p> <p>(g) Entry date?</p>							<p>Yes</p> <p>No</p>	<p>Section and Page Number</p> <p><u>4.02-p.16</u></p> <p><u>2.01-p.7</u></p>
<p>13 (a) Employee contributions:</p> <p>(i) Does the plan allow voluntary deductible employee contributions?</p> <p>(ii) If "Yes," are the voluntary deductible employee contributions appropriately limited?</p> <p>(iii) Are voluntary nondeductible contributions limited for all qualified plans to 10% or less of compensation?</p> <p>(iv) Are employee contributions nonforfeitable?</p>							<p>Yes</p> <p>No</p>	<p>Section and Page Number</p> <p><u>4.01-e.116</u></p>

13 (Continued)

Section and
Page Number

(b) Employer contributions:

- (i) Profit-sharing or stock bonus plan contributions are determined under: *N/A*
☐ A definite formula ☐ An indefinite formula ☐ Both
- (ii) Profit-sharing or stock bonus plan contributions are limited to: *N/A*
☐ Current earnings ☐ Accumulated earnings ☐ Combination
- (iii) Money purchase—Enter rate of contribution *SEE ATTACHED*
- (iv) State target benefit formula, if applicable *SEE ATTACHED*

302-p.9

14 Integration:

Is this plan integrated with social security or railroad retirement? *X*

If "Yes" and this is a target benefit plan, attach a schedule of compliance with Rev. Rul. 71-446 (see specific instructions).

15 Vesting: *N/A*

- (a) Are years of service with other members of a controlled group of corporations, trades, or businesses under common control, or an affiliated service group counted for vesting and eligibility to participate?
- (b) Are employee's rights to normal retirement benefits nonforfeitable on reaching normal retirement age as defined in section 411(a)(8)?
- (c) Does any amendment to the plan decrease any participant's accrued benefit?
- (d) Does any amendment to the plan directly or indirectly affect the computation of the nonforfeitable percentage of a participant's accrued benefit?
- (e) Does the plan preclude forfeiture of an employee's vested benefits for cause?
- (f) Check the appropriate box to indicate the vesting provisions of the plan:
- (i) ☐ Full and immediate.
- (ii) ☐ Full vesting after 10 years of service; i.e., no vesting for the first 9 years, 100% after 10 years (section 411(a)(2)(A)).
- (iii) ☐ 5- to 15-year vesting (section 411(a)(2)(B)).
- (iv) ☐ Rule of 45 (section 411(a)(2)(C)).
- (v) ☐ 4/40 vesting (Rev. Procs. 75-49 and 76-11).
- (vi) ☐ 10% vesting for each year of service (not to exceed 100%).
- (vii) ☐ 100% vesting within 5 years after contributions are made (class year plans only).
- (viii) ☐ Other (specify—see specific instructions and attach schedule).

16 Administration: (a) Type of funding entity:

- (i) ☐ Trust (benefits provided in whole from trust funds)
- (ii) ☐ Custodial account described in section 410(f) and not included in (iv) below
- (iii) ☒ Trust or arrangement providing benefits partially through insurance and/or annuity contracts
- (iv) ☐ Trust or arrangement providing benefits exclusively through insurance and/or annuity contracts
- (v) ☐ Other (specify) *PLAN*

5.02-p.23

(b) Does the trust agreement prohibit reversion of funds to the employer? (Rev. Rul. 77-200) *X*

7.07-p.28

(c) Specify the limits placed on the purchase of insurance contracts, if any: *N/A*

- (i) Ordinary life *PLAN*
- (ii) Term insurance *PLAN*
- (iii) Other (specify) *PLAN*

(d) If the trustees may earmark specific investments, including insurance contracts, are such investments subject to the employee's consent, or purchased ratably when employee consent is not required? *N/A*(e) Are loans to participants limited to their vested interests? *X*

17 Requirements for benefits—distributions—allocations:

- (a) Normal retirement age is *70*
- (b) Early retirement age is *N/A* Years of service/participation required *N/A*
- (c) Does the plan provide for payment of benefits according to section 401(a)(14)? *X*
- (d) Distribution of account balances may be made in:
- (i) ☐ Lump sum (ii) ☒ Annuity contracts
- (iii) ☐ Substantially equal annual installments—not more than *PLAN* years
- (iv) ☒ Other (specify) *form of payment provided by Contract*
- (e) If distributions are made in installments, they are credited with: *N/A*
- (i) ☐ Fund earnings
- (ii) ☐ Interest at a rate of *PLAN* % per year
- (iii) ☐ Other (specify) *PLAN*

4.02-p.16

4.09-p.19

4.06-p.18

17 (Continued):

	Yes	No	Section and Page Number
(f) Does the plan comply with the payment of benefits provisions of section 401(a)(11)?	N/A		
(g) If this is a stock bonus plan, are distributions made in employer stock?	N/A		
(h) If this is a pension plan, does it permit distribution only on death, disability, plan termination, or termination of employment?	X		Article IV & VI
(i) If this is a profit-sharing or stock bonus plan, what other events permit distributions? N/A			
(j) If participants may withdraw their mandatory contributions or earnings, may withdrawal be made without forfeiting vested benefits based on employer contributions?	N/A		
(k) Are contributions allocated on the basis of total compensation?	X		1.06-p. 2
If "No," see specific instructions and attach schedule.			
(l) Are forfeitures allocated, in case of a profit-sharing or stock bonus plan, on basis of total compensation? If "No," explain how they are allocated	N/A		
(m) Are trust earnings and losses allocated on the basis of account balances?	X		3.05-p. 10
If "No," explain how they are allocated.			
(n) For target benefit or other money purchase plan, are forfeitures applied to reduce employer contributions?	X		4.01-p. 16
(o) Does the plan provide for maximum limitation under section 415?	X		3.07-p. 11
(p) Does the plan prohibit the assignment or alienation of benefits?	X		7.07-p. 28
(q) Does the plan meet the requirements of section 401(a)(12)?	N/A		
(r) Are trust assets valued at fair market value?	X		
(s) Are trust assets valued at least annually on a specified date? If "No," explain	X		7.134-p. 6

18 Termination of plan or trust:

	Yes	No	Section and Page Number
(a) Are the participants' rights to benefits under the plan nonforfeitable (to the extent funded) upon termination or partial termination of the plan?	X		6.02-p. 25
(b) Are employees' rights under the plan nonforfeitable on complete discontinuance of contributions under a profit-sharing or stock bonus plan?	N/A		

19 This section applies to Keogh (HR. 10) plans only:

	Yes	No	Section and Page Number
(a) Do owner-employees have the option to participate?	N/A		
(b) Does the plan prohibit distribution of benefits to owner-employees before age 59½, except for disability and plan termination?			
(c) Does the plan prohibit excess contributions for self-employed individuals?			
(d) Are distributions of benefits to owner-employees required to start not later than age 70½?			
(e) Are the self-employed individual participants covered only under this plan?			
(f) Does the plan prohibit the allocation of forfeitures to self-employed individuals?			

20 Plans other than pattern plans:

	Yes	No	Section and Page Number
a. For a request on initial qualification are the following attached:			
(i) Copies of all instruments constituting the plan?	X		
(ii) Copies of trust indentures, group annuity contracts, or custodial agreements?	X		
b. For a request on the effect of an amendment after initial qualification, are the following attached:			
(i) A copy of the plan amendment(s)?	N/A		
(ii) A description of the amendment(s) covering the changes to the plan sections?			
(iii) An explanation of the plan sections before the amendment?			
(iv) An explanation of the effect of the amendment(s) on the provisions of the plan sections?			
c. For a request on the qualification of the entire plan as amended after initial qualification, are the following attached:			
(i) A copy of the plan incorporating all amendments made to the date of the application?			
(ii) A statement indicating the copy of the plan is complete in all respects and a determination letter is being requested on the qualification of the entire plan?			
(iii) A copy of trust indentures, group annuity contracts, or custodial agreements, if there has been any change since copies were last furnished to IRS?			
21 Pattern plans (For a notification letter, see Rev. Proc. 76-15 and Information Release 1653):			
a. For adoption of a pattern plan, are the following attached:			
(i) A copy of the notification letter sent to the sponsor or law firm?			
(ii) A certification that the notification letter has not been withdrawn and is still in effect with respect to the plan being submitted, and that such plan has not changed in any way?			
(iii) On initial qualification, a complete plan and trust or custodial account?			
(iv) For an amendment, a description of the amendment and an explanation of the provisions before and after the amendment?			

BEFORE SUBMITTING THIS APPLICATION, SEE THE PROCEDURAL REQUIREMENTS CHECKLIST IN THE SPECIFIC INSTRUCTIONS.

ATTACHMENT TO FORM 5301 - ITEM 9(a)(iv)

Eligibility

Those participating in the Optional Retirement Program immediately prior to July 1, 1985, are deemed automatically enrolled in the Program as provided hereunder.

Eligible Employees initially appointed on or after July 1, 1985, will at the same time of entering upon eligible employment elect (i) to join the Retirement System in accordance with the provisions of law applicable thereto or (ii) to participate in this Optional Retirement Program. This election shall be in writing and filed with the Retirement System and with the Employing Institution and shall be effective as of the date of entry into eligible service.

For purposes of eligibility, "Employee" shall mean any of the administrators or faculty of The University of North Carolina with the rank of instructor or above who (i) had been participants of the Optional Retirement Program under the provisions of Chapter 338, Session Laws of 1971, immediately prior to July 1, 1985, or (ii) have sought participation under the preceding paragraphs.

ATTACHMENT TO FORM 5301 - ITEM 13(b)(iii)

Each Employing Institution of the University of North Carolina shall contribute on behalf of each Participant in the Optional Retirement Program an amount equal to the amount which the Employee would be required to contribute to the Retirement System as a member of the Retirement System as specified in G. S. 135-8(b)(1).

GOVERNMENT ENTITY, THEREFORE THIS FORM IS NOT APPLICABLE.

Form 5302

(Rev. November 1983)
Department of the Treasury
Internal Revenue Service

Employee Census

(Round off to nearest dollar)

OMB No. 1545-0016

▶ Attach to application for determination—defined benefit and defined contribution plans.

Schedule of 25 highest paid participating employees for 12-month period ended ▶

This Form is NOT Open to Public Inspection

Name of employee

Employer Identification number

1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25	Participant's last name and initials (See instructions)	Check (a) Officer, shareholder or self-employed	(b) Percent of voting stock or business owned	(c) Age	(d) Years of service	Annual Deferred Compensation			(i) Employees contributions under the plan	Defined Benefit		Defined Contribution			
						(f) Used in computing benefits or employee's share of contributions	(g) Excluded	(h) Total		(j) Annual benefit expected under the plan	(k) Annual benefit under each other qualified defined benefit plan of deferred compensation	(l) Employee contributions allocated	(m) Number of units, if any	(n) Forfeitures allocated in the year	(o) Amount allocated under each other qualified defined contribution plan of deferred compensation
Total for above															
Total for all others (Specify number ▶)															
Total participants															

For a copy of the Reduction Act Notice, see back of this form.

See instructions

File by

Form

5302 (Rev. 11-83)

General Information

Section references are to the Internal Revenue Code unless otherwise noted specified.)

Paperwork Reduction Act Notice.—We ask for the information to carry out the Internal Revenue laws of the United States. We need it to determine whether taxpayers meet the legal requirements for plan approval. If you want to have your plan approved by IRS, you are required to give us this information.

Purpose of Form.—This schedule is to be used by the Internal Revenue Service in its analysis of an application for determination as to whether a plan of deferred compensation qualifies under section 401(a) and 401(k), if applicable.

Public Inspection.—Section 6104(a)(1)(B) provides, generally, that applications filed for the qualification of a pension, profit-sharing or stock bonus plan, will be open to public inspection. However, section 6104(a)(1)(C) provides that information concerning the compensation of any participant will not be open to public inspection. Consequently, the information contained in this schedule will not be open to public inspection, including inspection by plan participants and other employees of the employer who established the plan.

General Instructions

Prepare the employee census for a current 12-month period. Generally the 12 month period should be the employer's tax year, a calendar year, or the plan year. If the actual information is not available, compensation, contributions, etc., may be projected for a 12-month period. However, such projection must be clearly identified.

Who Must File.—Every employer or plan administrator who files an application for determination for a defined benefit or a defined contribution plan is required to attach this schedule, complete in all details.

For collectively bargained plans a Form 5302 is required only if the plan covers employees of the representative labor union(s) or of any plan(s) for union members, and if so, a separate Form 5302 is required for each such union or plan. For a plan, other than a collectively bargained plan, maintained by more than one employer (where all employers in each affiliated service group, controlled group of corporations, or group of trades or businesses under common control are considered one employer) a separate Form 5302 is required for each such employer.

Specific Instructions

Column (a), first list any participant who at any time during the 5-year period prior to the start of the current 12-month period owned directly or indirectly 10% or more of the voting stock or 10% or more of the business. Next list the remaining participants in order of current compensation (see Note 2 and instructions for column (h)) starting with the highest paid, followed by the next highest paid and so on. If there are fewer than 25 participants, list all the participants. Otherwise, only the first 25 who fall under the priorities listed above need be listed on lines 1 through 25.

Note 1: For purposes of this form, "participant" means any employee who satisfies the participation requirements prescribed by the plan.

Column (b), enter a check mark or an "X" to indicate that a participant is either an officer, a shareholder or self-employed. If a participant is none of the above enter N/A in this column for that participant.

Column (c), (i) enter the percentage of voting stock owned by a participant. For example, participant "P" owns 200 shares of voting stock of the employer's 5,000 shares outstanding. The percentage is 4% ($200 \div 5,000$). If a participant owns only nonvoting stock of the employer, make no entry in this column.

(ii) if an unincorporated business enter the percentage of the business owned by the participant.

If a participant owns neither of the above enter N/A.

Column (d), enter the attained age of each participant as of the end of the year for which this schedule applies. For example, if a participant's 47th birthday was on January 7, 1983, and the schedule covers the calendar year 1983, enter 47 for that participant.

Column (e), enter the number of full years of service each participant has been employed by the employer, and any prior employer if such employment is recognized for plan purposes.

Column (f), enter the amount of each participant's compensation that is recognized for plan purposes in computing the benefit (for a defined benefit plan) or in computing the amount of employer contribution that is allocated to the account of each participant (for a defined contribution plan). Do not include any portion of the employer contributions to this or any other qualified plan as compensation for any participant.

Column (g), enter the amount of compensation that is not recognized for

purposes of column (f). For example, if a participant received \$12,500 compensation for the year, \$1,000 of which was a bonus and the plan does not recognize bonuses for plan purposes, enter \$11,500 in column (f) and \$1,000 in column (g).

Note 2: "Compensation" for purposes of column (h) is defined as all amounts (including bonuses and overtime) paid to the participant for services rendered the employer. Do not enter employer contributions made to this or any other qualified plan.

Column (h), enter the total amount of compensation for the year for each participant. The amount entered in this column will be the sum of the amounts entered in columns (f) and (g) for each participant.

Column (i), enter the total amount of mandatory and voluntary contributions made by each participant. If the plan does not provide for employee contributions of any kind, enter "N/A."

Column (j), enter the amount of benefit each participant may expect to receive at normal retirement age based on current information, assuming no future compensation increases. For example, under a 30% benefit plan, a participant whose benefit is based on annual compensation of \$10,000 may expect an annual benefit of \$3,000 ($\$10,000 \times 30\%$) at retirement. In this case enter \$3,000.

Column (k), enter the amount of benefit each participant may expect to receive under other qualified defined benefit plan(s) of deferred compensation of the employer.

Column (l), enter the amount of the employer's contribution that is allocated to the account of each participant.

Column (m), enter the number of units, if any, used to determine the amount of the employer contribution that is allocated to each participant.

Column (n), enter the amount of the forfeitures that is allocated to each participant, unless forfeitures are allocated to reduce employer contributions.

Column (o), enter the portion of the employer's contribution that is attributable to the cost for providing each participant's benefits under all defined contribution plans of the employer other than this plan.

Caution: Before submitting this schedule, be sure that all relevant items are complete. Failure to meet this requirement may result in a request for the missing information or return of the schedule for completion, in which event there will be a delay in processing your application.

SCHEDULE T
(Form 5300)

(January 1984)

Department of the Treasury
Internal Revenue Service

**Supplemental Application Form for Approval
of Employee Benefit Plans Under TEFRA**

► For Paperwork Reduction Act Notice, see the Instructions for Form 5300.

OMB No. 1545-0197

For IRS Use Only
File Folder Number

Caution: This supplemental application must be submitted with all Form 5300, 5301, 5303, 5307, and 6406 determination requests including requests by adopters of Master or Prototype plans of Self-Employed Individuals.

1(a) Name of plan sponsor (employer if single employer) <u>THE UNIVERSITY OF NORTH CAROLINA</u> Address (number and street) <u>P.O. Box 2688</u> City or town, State and ZIP code <u>CHAPEL HILL, NORTH CAROLINA 27515-2688</u>	1(b) Employer Identification Number <u>56 6172047</u>
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Answer Items 2 through 6 either by checking "N/A" if the item does not apply, or by entering the Article or Section and Page Number of the plan where the provision is found.	N/A	Article or Section and Page Number
2 Does the plan provide for maximum limitation under section 415 as amended by TEFRA?		3.07-p.11
3(a) Does the plan provide a method for determining whether it is top-heavy within the meaning of section 416?	X	
(b) Does the plan contain provisions that become effective automatically if the plan becomes top-heavy?	X	
(c) If (b) is "Yes," do they include:		
(i) A vesting provision under section 416(b)?	X	
(ii) A minimum benefit under section 416(c)?	X	
(iii) The compensation limit under section 416(d)?	X	
(d) Does the plan define the following terms:		
(i) Key employee?	X	
(ii) Accrued benefit for section 416 purposes?	X	
(iii) Required aggregation group?	X	
(iv) Top-heavy group?	X	
4(a) Are distributions of benefits to key employees who are participants in a top-heavy plan required to begin not later than the tax year in which they reach age 70½?	X	
(b) Are distributions of benefits to employees other than key employees who are participants in a top-heavy plan required to begin not later than the later of the end of the tax year in which they reach age 70½ or retirement?	X	
(c) Does the plan require the entire interest of the participant to be distributed over the life of the participant, or the participant and the participant's spouse, or over the life expectancy or joint life and last survivor expectancy of the participant and his or her spouse?		4.09-p.20
(d) Does the plan provide that a participant's interest must be distributed within 5 years after the participant's death, or the death of the participant's spouse, if applicable?		4.09-p.21
5 If this is an integrated defined contribution plan, does the contribution rate satisfy section 401(i)?	X	
6 Does the employer receive services from any leased employees within the meaning of section 414(n)?		NO
If "Yes," are the leased employees included as employees in the employee data given for the plan?	X	

Reminder: If this request relates to the adoption of Master or Prototype or field prototype plan, you must attach the latest opinion or notification letter issued to the sponsor. If this request relates to an amendment of an individually designed plan you must attach a copy of the latest determination letter.

Instructions

(Section references are to the Internal Revenue Code unless otherwise noted.)

Purpose of Form.—Schedule T (Form 5300) is used by applicants for a favorable determination letter on the qualified status of certain retirement plans to provide information under the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA). It must be attached to Forms 5300, 5301, 5303, 5307, and 6406 in order for those applications to be considered complete.

1(a).—Enter the name, address and EIN of the plan sponsor as shown on the Form 5300, 5301, 5303, 5307, or 6406 to which this schedule is attached.

2.—TEFRA decreased the maximum dollar limitations applicable to qualified defined contribution and defined benefit plans. These new limits apply to limitation years ending after July 1, 1982, for plans not in existence on that date; and apply to limitation years beginning after December 31, 1982, for all other plans. Plans may continue to have "Cost of Living" language even though no adjustments will be made with respect to any calendar year beginning before 1986. See T-1 of Notice 83-10, 1983-1 C.B. 536.

3(a).—A qualified plan must contain some mechanism by which the plan administrator can implement the section 416 minimum requirements if the plan becomes top-heavy. A defined benefit plan is top-heavy when the ratio of the present value of accrued benefits for key employees to the present value of accrued benefits for all employees (including beneficiaries) exceeds 60%. A defined contribution plan is top-heavy when the ratio of accounts for key employees to the accounts for all employees (including beneficiaries but excluding former key employees) exceeds 60%. All distributions that were made during the 5-year period ending the most recent determination date must be taken into account. Also, employee contributions, whether mandatory or voluntary, must be taken into account except for deductible employee contributions. See section 416.

If the employer maintains other qualified plans (including a Simplified Employee Plan), benefits from all plans in the required aggregation group must be taken into account for determining the top-heavy ratio.

(b).—The plan must contain provisions that are effective in any plan year in which the plan is top-heavy. The con-

tributions must satisfy the vesting requirement of section 416(b), the minimum benefit provision of section 416(c), the compensation limits of section 416(d), and the adjustment to section 415 limits in section 416(h). The plan must also preclude any change in the plan's benefit structure (including vesting) resulting from a change in the plan's top-heavy status from violating section 411(a)(10).

Note: A plan is not required to contain section 416 provisions if the plan contains a single benefit structure that satisfies the requirements of sections 416(b), (c), and (d). Also, collectively-bargained plans with no key employees, or plans that will never have a key employee need not contain top-heavy provisions.

4(a) and 4(b).—See section 401(a)(9)(A)(i).

4(c) and 4(d).—See section 401(a)(9)(B).

A qualified plan must provide that if an employee dies before the entire distribution has been completed or, if distributions have started to the surviving spouse and the spouse dies before distributions are completed, the entire interest, or the remaining part of the interest if distributions have already started, will be distributed within five years after the employee's death (or the death of the surviving spouse).

5.—The rate of contributions in excess of the integration level may not exceed the rate of contributions below the integration level by more than the applicable tax rate under section 3111(a) at the beginning of the plan year.

6.—Section 414(n) (added by TEFRA section 248) deals with persons who are the employees of an employee leasing organization, but who perform services during the course of their employment for a separate trade or business (a recipient organization). Such leased employees are to be considered employees of the recipient organization at certain times and for certain qualification requirements unless the leasing organization adopts and maintains the type of qualified plan specified in section 414(n).

Section 414(n) provides a safe harbor for a recipient organization if the leasing organization maintains a qualified, nonintegrated, money purchase pension plan that provides for immediate participation, full and immediate vesting, and an annual contribution of 7½% of compensation. If these requirements are met, the leased employee does not have to be counted for any purpose pertaining to the qualified plans of the recipient organization.

THE UNIVERSITY OF NORTH CAROLINA

General Administration

P.O. BOX 2688
CHAPEL HILL 27515-2688

DAVID N. EDWARDS, JR.
Special Assistant to the President

TELEPHONE (919) 962-6941 ⁻¹⁰⁰⁰

May 30, 1986

Key District Director
Internal Revenue Service
Post Office Box 1055
275 Peachtree Street, N.E.
Atlanta, Georgia 30301

Re: Optional Retirement Program of The University of North Carolina

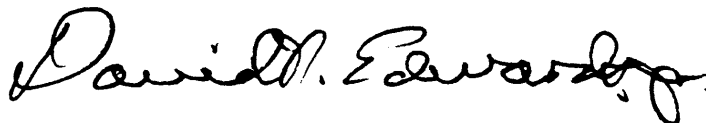
Dear Sir:

The University of North Carolina, Employer Identification Number 56-6172047, hereby authorizes the following individual to assist in matters relating to the application for determination for plan number 01:

Mr. Michael Footer
William M. Mercer-Meidinger, Incorporated
6606 West Broad Street (Post Office Box 27506)
Richmond, Virginia 23261
Telephone: (804) 285-7385
Social Security Number: 579-52-1367

The IRS may discuss with this individual any information contained in Form 5301 plus attachments.

Yours truly,



David N. Edwards, Jr.

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reduction agreement in order to participate in a tax sheltered annuity program pursuant to IRC Section 403(b). Compensation shall exclude extraordinary compensation such as the imputed value of group life insurance and any University Contributions to this or any other employee benefit program.

- 1.07 Contract means any type of annuity contract issued by the Insurance Company to effect the purposes of the Plan.
- 1.08 Contributions means payments as provided herein by The University and/or the Participants to the insurance carrier or Trustee for the purpose of providing the benefits under this Plan.
- 1.09 Defined Benefit Plan means a plan established and qualified under IRC Section 401 or 403(a), except to the extent it is, or is treated as, a Defined Contribution Plan.
- 1.10 Defined Contribution Plan means a plan which is established and qualified under IRC Section 401 or 403(a), which provides for an individual account for each participant therein and for benefits based solely on the amount contributed to each participant's account and any income and expenses or gains or losses (both realized and unrealized) which may be allocated to such accounts.
- 1.11 Effective Date means July 1, 1985, or such later date as of which an Employing Institution shall have adopted the Plan for its Employees.
- 1.12 Employee means any of the administrators or faculty of The University with the rank of instructor or above who (i) had been Participants of the Optional Retirement Program under the provisions of Chapter 338, Session Laws of 1971, immediately prior to July 1, 1985, or (ii) have sought participation under Article II.

- 1.13 Employee Account means that portion of an individual's Individual Account attributable to (a) the Employee's Contribution allocated to such Participant pursuant to Section 3.03 and (b) the Participant's proportionate share of the adjustments attributable to his Employee Account.
- 1.14 Employee Contributions means Contributions made by an Employee pursuant to Section 3.03.
- 1.15 Employing Institution means, collectively or individually, as the context may indicate, The University or any of its constituent institutions.
- 1.16 Fiduciary means The University, the Insurance Company, the Board and any individual, corporation, firm or other entity which has responsibility for the management of the Plan or the disposition of its assets.
- 1.17 Forfeiture means any amount held upon the termination of participation of a Participant which he is not entitled to receive as a distribution in accordance with the terms of Section 4.01.
- 1.18 Former Participant means a Participant whose participation in the Plan terminated but who has not received payment in full of the balance in his Individual Account to which he is entitled.
- 1.19 Individual Account means the detailed record kept of the amounts credited or charged to each Participant in accordance with the terms hereof. Such Individual Account is comprised of a University Account and an Employee Account.
- 1.20 Insurance Company means the Teachers Insurance and Annuity Association-College Retirement Equities Fund.
- 1.21 Investment Fund means an Investment Fund as described in Article V.

- 1.22 IRC or Code means the Internal Revenue Code of 1954, as amended.
- 1.23 Limitation Year means the twelve (12) month period commencing July 1 and ending June 30.
- 1.24 Participant means any Employee who becomes a Participant as provided in Article II.
- 1.25 Plan or Program means the Optional Retirement Program of The University of North Carolina, as contained herein or as duly amended.
- 1.26 Plan Administrator means that person at each Employing Institution who has been named by the President of The University to administer the Plan with respect to the Employees of the Employing Institution. If a Plan Administrator is not so appointed, The University shall be deemed the Plan Administrator with respect to the pertinent Employing Institution.
- 1.27 Plan Year means the twelve (12) month period beginning on July 1 and ending on June 30.
- 1.28 Retirement System means The Teachers' and State Employees' Retirement System of North Carolina.
- 1.29 Trust Agreement means the agreement entered into between the Employing Institution and the Trustee.
- 1.30 Trustee means such individual, individuals or financial institution, or a combination of them as shall be designated in the Trust Agreement to hold in trust any assets of the Plan for the purpose of providing benefits under the Plan, and shall include any successor trustee to the trustee initially designated thereunder.
- 1.31 University means The University of North Carolina.

- 1.32 University Account means that portion of a Participant's Individual Account attributable to (a) the University Contribution allocated to such Participant pursuant to Section 3.02 and (b) the Participant's proportionate share of the Adjustments attributable to his University Account.
- 1.33 University Contributions means Contributions made by the Employing Institution of The University pursuant to Section 3.02.
- 1.34 Valuation Date means the last day of each Plan Year subsequent to the Effective Date, as of which date the Fund shall be valued at fair market value. The Plan Administrator may from time to time value the Fund as of any other date as it deems desirable.

ARTICLE III
CONTRIBUTIONS AND ALLOCATIONS

3.01 Individual Accounts - The Plan Administrator shall establish and maintain an Individual Account comprised of a University Account and an Employee Account in the name of each Participant to which the Plan Administrator shall credit all amounts allocated to each such Participant pursuant to the following Sections of this Article III.

Under the Optional Retirement Program, the State of North Carolina and the Participant shall contribute, to the extent authorized or required, toward the purchase of Contracts or deposited in a trust (if applicable) on the Participant's behalf.

Separate accounts shall be maintained for all inactive Participants who have an interest in the Plan. Such separate accounts shall not require a segregation to the Fund assets and no Participant shall acquire any right to or interest in any specific asset of the Fund as a result of the allocations provided for in the Plan. All allocations shall be made as of the Valuation Date referred to in this Article III.

3.02 University Contributions - Each Employing Institution of The University shall contribute on behalf of each Participant in the Optional Retirement Program an amount equal to the amount which the Employee would be required to contribute to the Retirement System as a member of the Retirement System as specified in G.S. 135-8(b)(1).

- 3.03 Employee Contributions - Each Participant shall contribute the amount which he or she would be required to contribute if a member of the Retirement System. Contributions authorized or required by the provisions of this subsection on behalf of each Participant shall be made, consistent with IRC Section 414(h), by salary reduction according to rules and regulations established by the University.
- 3.04 Voluntary TSA Contributions - Additional personal contributions may also be made by a Participant by such payroll deduction or salary reduction to an annuity or retirement income plan established pursuant to G.S.116-17. Such contribution shall be made pursuant to IRC Section 403(b). Payment of Contributions shall be made by the Employing Institution of The University to the designated company or companies underwriting the annuities for the benefit of each Participant.
- 3.05 Allocation of Adjustment - The Insurance Company shall determine the investment gains and losses under the Contract for the period elapsed since the last preceding Valuation Date. Such Adjustment shall be allocated to accounts of all then Participants who maintain a credit balance in their Individual Account, in relation to that portion of their Individual Account attributable to their University Account or Employee Account. The allocation shall be separately made within the Investment Funds on the basis of the ratio of each such Participant's Individual Account invested in the Investment Fund to the total of all such Participants' Individual Accounts invested in such Investment Fund at such Valuation Date. The Plan Administrator shall maintain the

accounting to ensure that each Participant's allocation is properly credited or debited, as the case may be, to his University Account or Employee Account.

3.06 Equitable Allocations - The Plan Administrator shall establish accounting procedures for the purpose of making the allocations, valuations and adjustments to Participants' accounts provided for in this Article III. Should the Plan Administrator determine that the strict application of its accounting procedures will not result in an equitable and non-discriminatory allocation among the accounts of Participants, it may modify its procedures for the purpose of achieving an equitable and non-discriminatory allocation in accordance with the general concepts of the Plan and the provisions of this Article.

3.07 Maximum Additions - Anything herein to the contrary notwithstanding, the total Annual Additions made to the Individual Account of a Participant for any Limitation Year commencing on or after July 1, 1985, when combined with any similar Annual Additions credited the Participant for the same period from another qualified Defined Contribution Plan maintained by the Employing Institution, shall not exceed the lesser of Section 3.07(a) or Section 3.07(b) following:

3.07(a) Thirty thousand dollars (\$30,000) or such larger amount as may be allowed under regulations issued pursuant to IRC Section 415(d); or

3.07(b) Twenty-five percent (25%) of the Participant's total non-deferred compensation received from the Employing Institution for such Plan Year. For purposes of this

paragraph, "compensation" shall mean a Participant's earned income, wages, salaries, fees for professional service and other amounts received for personal services actually rendered in the course of employment with an Employing Institution maintaining the Plan (including, but not limited to, commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, and bonuses) and excluding the following:

- (i) Employer contributions to a plan of a deferred compensation to the extent contributions are not included in gross income of the Employee for the taxable year in which contributed, or on behalf of an Employee to a Simplified Employee Pension plan to the extent such contributions are deductible under IRC Section 219(b)(7), and any distributions from a plan of deferred compensation whether or not includable in the gross income of the Employee when distributed;
- (ii) Amounts realized from the exercise of a non-qualified stock option, or when restricted stock (or property) held by an Employee becomes freely transferable or is no longer subject to a substantial risk of forfeiture;
- (iii) Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

(iv) Other amounts which receive special tax benefits, or contributions made by an Employing Institution (whether or not under a salary reduction agreement) towards the purchase of a 403(b) annuity contract (whether or not the contributions are excludable from the gross income of the Employee).

Compensation for any Limitation Year is the compensation actually paid or includible in gross income during such year.

In the event a Participant is covered by one or more Defined Contribution Plans maintained by the Employing Institution, the maximum Annual Additions as noted above shall be decreased as determined necessary by the Employing Institution, prior to the reduction of such other Defined Contribution Plans, to ensure that all such plans will remain qualified under the IRC.

In the event that as of any Valuation Date corrective adjustments in the Annual Addition to any Individual Account is required pursuant to this Section 3.07, the Employee Account shall be first reduced by the amount required to ensure compliance with this Section 3.07, and then the University Account.

Any amounts withheld or taken from a Participant's Individual Account pursuant to the above shall be segregated in the Fund in a separate account and applied toward the Contribution of the University for the next Limitation Year.

3.08 Multiple Plan Participation - If a Participant is a participant of a Defined Benefit Plan maintained by The University, the sum of

his defined benefit plan fraction and his defined contribution plan fraction for any Limitation Year may not exceed 1.0.

For purposes of maximum Annual Additions to Defined Contribution Plans and maximum annual benefits payable from Defined Benefit Plans, all Defined Contribution Plans and all Defined Benefit Plans, whether or not terminated, shall be combined and treated as one (1) plan.

For purposes of this Section 3.08, the term "defined contribution plan fraction" shall mean a fraction the numerator of which is the sum of all of the Annual Additions to the Participant's Individual Account under this Plan as of the close of the Limitation Year and the denominator of which is the sum of the lesser of the following amounts determined for such Limitation Year and for each prior Limitation Year of employment with the Employing Institution:

- 3.08(a) the product of 1.25 multiplied by the dollar limitation in effect in Section 3.07(a) for such year determined without regard to IRC Section 415(c)(6); or
- 3.08(b) the product of 1.4 multiplied by an amount determined pursuant to Section 3.07(b) with respect to each individual under the Plan for such Limitation Year.

For purposes of this Section 3.08, the term, "defined benefit plan fraction" shall mean a fraction the numerator of which is the Participant's projected annual benefit (as defined in the said defined benefit plan) determined as of the close of the Limitation Year and the denominator of which is the lesser of:

- 3.08(c) the product of 1.25 multiplied by the dollar limitation in effect pursuant to IRC Section 415(b)(1)(A) for such Limitation Year; or
- 3.08(d) the product of 1.4 multiplied by the amount which may be taken into account pursuant to IRC Section 415(b)(1)(B) with respect to each individual under the Plan for such Limitation Year.

The limitation on aggregate benefits from a Defined Benefit Plan and a Defined Contribution Plan which is contained in Section 2004 of ERISA, as amended, shall be complied with by a reduction (if necessary) in the Participant's benefits under the Defined Benefit Plan(s) (in accordance with the provisions of the said plan(s)) before a reduction of any Defined Contribution Plan.

ARTICLE IV
DISTRIBUTIONS

4.01 Vesting - If any Participant having less than five (5) years coverage under the Optional Retirement Program leaves the employ of an Employing Institution and either retires or commences employment with an employer not having a retirement program with the same company underwriting the Participant's annuity contract, regardless of whether the annuity contract is held by the Participant, a trust, or the Retirement System, the Participant's interest in the Optional Retirement Program attributable to contributions of the Employing Institution shall be forfeited and shall either (i) be refunded through the Employing Institution to The University of North Carolina and forthwith paid by it to the Retirement System and credited to the pension accumulation fund or (ii) be paid directly to the Retirement System and credited to the pension accumulation fund.

4.02 Normal Retirement - The normal retirement date of a Participant shall be the first day of that July coinciding with or next following the date on which the Participant attains age seventy (70).

Upon the retirement of a Participant in accordance with the provisions of this Section 4.02, the vested balance of his Individual Account shall become payable, and the Plan Administrator shall thereupon direct the Insurance Company to distribute to such Participant such amount in accordance with Section 4.06.

4.03 Delayed Retirement - In the event a Participant remains in the employ of the Employing Institution beyond his normal retirement date, he shall thereafter retire on his delayed retirement date. The delayed retirement date of a Participant shall be the first day of the month coinciding with or next following the actual date the Participant retires from the employment of the Employing Institution.

Upon the retirement of a Participant in accordance with the provisions of this Section 4.03, the vested balance of his Individual Account shall become payable and the Plan Administrator shall thereupon direct the Trustee to distribute to such Participant such amount in accordance with Section 4.06.

4.04 Death Before Retirement or Termination of Employment - Upon the death of a Participant before retirement or termination of employment, the value of such Participant's Individual Account as of the date of death of the Participant, shall become payable and the Plan Administrator shall direct the Insurance Company to distribute to such Participant's Beneficiary such amount in accordance with Section 4.06(b) with the Beneficiary being substituted for the Participant in such Section.

4.05 Death After Retirement or Termination of Employment - Upon the death of a Former Participant who has elected to receive benefit payments in accordance with Section 4.06(c), the Plan Administrator shall direct the Insurance Company to distribute to such Former Participant's Beneficiary the value of the Participant's Individual Account as of the date of death in accordance with Section 4.06(c). For any Former Participant who

is receiving benefit payments in accordance with Section 4.06(b), the provisions of said Section shall control concerning any payments upon the death of such Former Participant.

4.06 Method of Payment

4.06(a) Application for Benefits - In order to receive a benefit under the Plan, a Participant, Former Participant, his Beneficiary, committee, or next of kin, must make written application therefor on a form or forms provided by the Plan Administrator. The Plan Administrator may require that there be furnished to it in connection with such application all information pertinent to any question of eligibility and the amount of any benefit.

4.06(b) Normal Form - The normal form of payment of benefits to a Participant shall be a life only annuity unless the Participant elects payment in accordance with Section 4.06(c).

4.06(c) Optional Form - In lieu of receiving payment in accordance with Section 4.06(b), a Participant, Former Participant or Beneficiary may elect in writing to receive his distribution in any optional form of payment provided by the Contract.

4.07 Maximum Option Payable - In the event a Participant, with the approval of the Plan Administrator, elects to have his benefit paid under Section 4.06(c) and the designated Beneficiary is not the Spouse of the Participant, the option elected shall be restricted so that the present value of the payments expected to be made to the Participant is more than fifty percent (50%) of the

present value of the total payment expected to be made to the Participant and his Beneficiary.

4.08 Benefits to Minors and Incompetents - In case any person entitled to receive payment under the Plan shall be a minor, the Plan Administrator, in its discretion, may dispose of such amount in any one or more of the following ways:

4.08(a) By payment thereof directly to such minor;

4.08(b) By application thereof for benefit of such minor;

4.08(c) By payment thereof to either parent of such minor or to any adult person with whom such minor may at the time be living or to any person who shall be legally qualified and shall be acting as guardian of the person or the property of such minor; provided only that the parent or adult person to whom any amount shall be paid shall have advised the Plan Administrator in writing that he will hold or use such amount for the benefit of such minor.

In the event that it shall be found that a person entitled to receive payment under the Plan is physically or mentally incapable of personally receiving and giving a valid receipt for any payment due (unless prior claim therefor shall have been made by a duly qualified committee or other legal representative), such payment may be made to the spouse, son, daughter, parent, brother, sister or other person deemed by the Plan Administrator to have incurred expense for such person otherwise entitled to payment.

4.09 Payment of Benefits - In the event that there shall be a portion of a Participant's Individual Account which shall be due and payable, and the Participant or Former Participant has not elected

otherwise in accordance with the provisions of the Plan, any payment of benefits or commencement thereof to the Participant or Former Participant shall begin not later than sixty (60) days after the close of the Plan Year in which occurs the latest of:

4.09(a) the Participant's having attained his Normal Retirement Age; and

4.09(b) termination of service of the Participant.

Notwithstanding anything contained herein to the contrary, the entire interest of each Participant or Former Participant either:

4.09(c) will be distributed to him not later than the April 1 following the calendar year in which he attains age seventy and one-half (70 1/2), or in the calendar year in which he retires, whichever is later, or

4.09(d) will be distributed, commencing no later than such April 1

(i) in accordance with regulations prescribed by the Secretary of Treasury, over the life of such Employee or over the lives of such Employee and his Beneficiary, or

(ii) in accordance with such regulations, over a period not extending beyond the life expectancy of such Employee or the life expectancies of such Employee and his Beneficiary.

Further, except as provided in Section 4.09(e) following, if an Employee dies before the distribution of the Employee's interest begins pursuant to Section 4.09(d) above, the entire

interest of the Employee will be distributed within five (5) years after the death of such Employee.

4.09(e) The immediately preceding sentence shall not be applicable provided:

- (i) any portion of the Employee's interest is payable to (or for the benefit of) a designated Beneficiary;
- (ii) such portion will be distributed (in accordance with regulations) over the life of such designated Beneficiary (or over a period not extending beyond the life expectancy of such Beneficiary);
- (iii) such distributions begin not later than one (1) year after the date of the Employee's death or such later date as the Secretary of Treasury may by regulation prescribe; or
- (iv) the designated Beneficiary is the surviving spouse of the Employee and distributions commence on or before the date on which the Employee would have attained age seventy and one-half (70 1/2).

If the surviving spouse dies before the distribution to such spouse, this Section 4.09(e) shall be applied as if the surviving spouse were the Employee.

4.09(f) For purposes of this Section, the life expectancy of an Employee and the Employee's spouse (other than in the case of a life annuity) may be redetermined but not more frequently than annually.

4.09(g) Under regulations prescribed by the Secretary of Treasury for purposes of this Section, any amount paid to a child shall be treated as if it had been paid to the surviving spouse if such amount will become payable to the surviving spouse upon such child reaching majority (or other designated event permitted by regulation).

ARTICLE V

FUNDING

5.01 Contributions - Contributions by the Employing Institution and by the Participants as provided for in Article III shall be paid over to the Insurance Company and/or Trustee. All Contributions by the Employing Institution shall be irrevocable, except as herein provided, and may be used only for the exclusive benefit of the Participants, Former Participants and their Beneficiaries.

5.02 Investment Fund - The Board of Governors of The University of North Carolina shall designate the Insurance Companies from which Contracts are to be purchased or the Trustee responsible for the investment of contributions under the Optional Retirement Program, and shall approve the form and contents of such contracts or Trust Agreement. In making this designation and giving such approval, the Board shall give due consideration to the following:

- (1) The nature and extent of the rights and benefits to be provided by these contracts or trust agreement for Participants and their Beneficiaries;
- (2) The relation of these rights and benefits to the amount of contributions to be made;
- (3) The suitability of these rights and benefits to the needs of the Participants and the interest of the institutions of The University of North Carolina in recruiting and retaining faculty in a national market; and
- (4) The ability of the designated Insurance Company or Companies underwriting the annuity contracts or Trust Agreement to

provide these suitable rights and benefits under such contracts or trust agreement for these purposes.

Notwithstanding the provisions of this Section, no contractual relationship established under the Optional Retirement Program pursuant to the authority granted by Chapter 338, Session Laws of 1971, is deemed terminated by the provisions of this Plan.

ARTICLE VI

AMENDMENT AND TERMINATION OF THE PLAN

6.01 Amendment of the Plan - The Board shall have the right at any time by action of the Board to modify, alter or amend the Plan in whole or in part; provided, however, that the duties, powers and liability of the Insurance Company or Trustee hereunder shall not be increased without its written consent; and provided, further, that the amount of benefits which at the time of any such modification, alteration or amendment shall have accrued for any Participant, Former Participant or Beneficiary hereunder shall not be adversely affected thereby; and provided, further, that no such amendment shall have the effect of revesting in The University any part of the principal or income of the Fund.

6.02 Termination of the Plan - The University expects to continue the Plan indefinitely, but continuance is not assumed as a contractual obligation and The University reserves the right at any time by action of the Board of Governors to terminate the Plan. If The University terminates or partially terminates the Plan or discontinues authorization of Contributions at any time, each Participant affected thereby shall be then vested with the amount to his credit in his Individual Account.

In the event of termination of the Plan by The University, the Plan Administrator shall value the Investment Fund as of the date of termination. That portion of the Investment Fund applicable to any Employing Institution of The University for which the Plan has not been terminated shall be unaffected. The

Individual Accounts of the Participants, Former Participants and Beneficiaries affected by the termination, as determined by the Plan Administrator, shall continue to be administered as a part of the Investment Fund or distributed to such Participants, Former Participants or Beneficiaries pursuant to Section 4.06.

ARTICLE VII
MISCELLANEOUS

- 7.01 Governing Law - The Plan shall be construed, regulated and administered according to the laws of the State of North Carolina except in those areas preempted by the laws of the United States of America.
- 7.02 Construction - The headings and subheadings in the Plan have been inserted for convenience of reference only and shall not affect the construction of the provisions hereof. In any necessary construction the masculine shall include the feminine and the singular, the plural and vice versa.
- 7.03 Administrative Expenses - The Board of Governors of The University of North Carolina may provide for the administration of the Optional Retirement Program and may perform or authorize the performance of all functions necessary for its administration. The expenses of administering the Investment Fund and the Plan may be paid either by The University or from the Investment Fund.
- 7.04 Participation in Other Plans - Any eligible Employee electing to participate in the Optional Retirement Program is ineligible for membership in the Retirement System so long as he or she remains employed in any eligible position within The University of North Carolina, and, in this event, he or she shall continue to participate in the Optional Retirement Program.
- 7.05 Other Benefits - No retirement benefit, death benefit or other benefit under the Optional Retirement Program shall be paid by the State of North Carolina, or The University of North Carolina, or

the Board of Trustees of the Retirement System with respect to any Employee selecting and participating in the Optional Retirement Program or with respect to any Beneficiary of that Employee. Benefits shall be payable to Participants or their Beneficiaries only by the designated company in accordance with the terms of the Contracts or Trust Agreement.

- 7.06 Participant's Rights; Acquittance - No Participant in the Plan shall acquire any right to be retained in the employ of an Employing Institution of The University by virtue of the Plan; nor, upon his dismissal, or upon his voluntary termination of employment, shall he have any right or interest in and to the Investment Fund other than as specifically provided herein. The Employing Institution shall not be liable for the payment of any benefit provided for herein; all benefits hereunder shall be payable only from the Investment Fund.
- 7.07 Spendthrift Clause - Except as may be required by IRC Section 401(a)(13)(B) relating to Qualified Domestic Relations Orders, and except for the applications of the provisions of G.S. 110-136 (garnishment to enforce child support) and in connection with a court-ordered equitable distribution under G.S. 50-20, none of the benefits, payments, proceeds, or distributions under this Plan shall be subject to the claims of any creditor of the Participant, Former Participant or to the claim of any creditor of any Beneficiary hereunder or to any legal process by any creditor of such Participant, Former Participant or of any such Beneficiary; and neither such Participant, Former Participant or any such Beneficiary shall have any right to alienate, commute, anticipate,

or assign any of the benefits, payments, proceeds or distributions under this Plan.

7.08 Mistake of Fact - Notwithstanding anything herein to the contrary, upon the Employing Institution's request, a Contribution which was made by a mistake of fact, or conditioned upon initial qualification of the Plan or upon the deductibility of the Contribution under IRC Section 404, may be returned to the Employing Institution by the Trustee within one (1) year after the payment of the Contribution, the denial of the qualification or the disallowance of the deduction (to the extent disallowed), whichever is applicable.

7.09 Counterparts - The Plan, the Contract and the Trust Agreement (if applicable) may be executed in any number of counterparts, each of which shall constitute but one and the same instrument and may be sufficiently evidenced by any one counterpart.

ARTICLE VIII
ADOPTION OF THE PLAN

Anything herein to the contrary notwithstanding, this Plan is created under the condition that it shall be approved and qualified by the Internal Revenue Service under IRC Section 401(a) and/or IRC Section 403(a) and that the Trust (if applicable) is exempt under IRC Section 501(a), or under any comparable Sections of any future legislation which amends, supplements or supersedes such Sections. In the event that it should be found by the Internal Revenue Service that the Plan as herein created is not qualified, The University may modify the Plan to meet Internal Revenue Service requirements.

As evidence of its adoption of the Plan, the Board of Governors of The University of North Carolina has caused this instrument to be signed by its chairman thereunder duly authorized, and its corporate seal to be affixed hereto this 11th day of October , 1985.

THE BOARD OF GOVERNORS OF
THE UNIVERSITY OF NORTH CAROLINA

By: 

Chairman

ATTEST:

By: 

Secretary
The University of North Carolina

Teachers Insurance and Annuity Association

NEW YORK, N. Y.

RETIREMENT ANNUITY CONTRACT

Contract
Number

Date of Issue
Mo. Day Yr.

Date of Birth
Mo. Day Yr.

Annuity Starting Date
Mo. Day Yr.

Annuitant



This is a contract between you, as its owner (Annuitant), and TEACHERS INSURANCE AND ANNUITY ASSOCIATION OF AMERICA ("TIAA"). No other person or institution is a party to this contract.

This page refers briefly to some of the features of your contract. The next pages set forth in detail the rights and obligations of both TIAA and you under the contract. *PLEASE READ YOUR CONTRACT. IT IS IMPORTANT.*

GENERAL DESCRIPTION

Each premium paid to TIAA for your annuity buys a definite amount of lifetime income for you. If you die before starting to receive this income, the accumulated funds will provide a benefit for your beneficiary under one of the methods described in your contract. The benefit amounts purchased by each premium are determined by the Rate Schedule in effect for this contract at the time the premium is paid. Benefits over and above those guaranteed in your contract are bought by any Additional Amounts, which may be credited to your contract by TIAA from time to time.

Once each year we will report to you on the amount of premiums paid and the current value of your contract.

When you are ready to start receiving your lifetime income, you choose the income option you want from among those described in your contract. All options provide a lifetime income for you, and all but one also have some provision for another person, to be named by you.

This contract cannot be assigned nor does it provide for cash surrender or loans.

SPECIMEN


Chairman

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PART A: TERMS USED IN THIS CONTRACT

1. The **Accumulation** is the sum of:

- A) all premiums paid to your contract; plus
- B) any Additional Amounts credited to your contract; plus
- C) any Transfers of funds from the College Retirement Equities Fund ("CREF") credited to your contract; less
- D) the contract's charge for expenses and contingencies; plus
- E) interest credited under the terms of your contract.

Your Accumulation will provide the benefits described in this contract.

2. **Additional Amounts** may be credited to your contract by TIAA. Those credited before the Annuity Starting Date or your prior death buy benefits for you, above the benefits bought by premiums, based on the Rate Schedule in effect when the Additional Amount is credited. Any Additional Amounts credited after the Annuity Starting Date or your death will be paid in addition to the Income or Death Benefit then payable. TIAA does not guarantee that there will be Additional Amounts.

3. The **Annuity Starting Date** shown on Page 3 is the date your lifetime income is scheduled to begin. The Date may be changed as explained in Sections 13 and 14.

4. The **Income Benefit** is the monthly amount payable to you under one of the options set forth in Part C. These payments will first be payable on the Annuity Starting Date.

5. The **Second Annuitant** is the person you name, when starting to receive your income under a Survivor Annuity Option, to receive a life income if he or she survives you. You may name your spouse, or any other person eligible under TIAA's practices then in effect, to be a Second Annuitant.

6. The **Death Benefit** is the current value of your Accumulation. It will be used to pay your beneficiary an income under one of the methods set forth in Part D if you die before the Annuity Starting Date.

7. The **Rate Schedule** is the part of your contract that sets forth the bases for computing the Accumulation and the Income and Death Benefits. TIAA may change the Rate Schedule, after no less than three months' notice to you, for premiums paid, Additional Amounts credited and Transfers from CREF made after the change. No change of Rate Schedule will affect benefits bought by premiums, Additional Amounts or Transfers from CREF prior to the change.

8. **Commuted Value.** The commuted (discounted) value is a one-sum amount paid in lieu of a series of payments. It is less than the total of those payments because future interest, included when computing the series of payments, will not be earned if payment is to be made in one sum. The commuted value of future payments is therefore the sum of those payments less the interest from the date of commutation to the date each payment would have been made. The same interest rate or rates used in computing the benefit payments will be used to determine the commuted value.

PART B: CONTRACT AND PREMIUMS

9. **The Contract.** This document is the entire contract between you and TIAA. We have issued it in return for your completed application and the first premium. Any endorsement or amendment of this contract, waiver of any of its provisions, or change in Rate Schedule will be valid only if in writing and signed by an Executive Officer or Registrar of TIAA. All premiums and benefits are payable at TIAA's home office in New York, NY.

10. **Premium Amount.** Premiums for this contract may be paid in any amount not less than \$25 each. You may change the amount or frequency of future premiums at any time. TIAA reserves the right to limit to \$25,000 in any twelve-month period the total premiums paid on this and any other TIAA annuity contract on your life. Premiums will be credited to your contract as of the first of the month in which they are received; TIAA will accept them any time before the Annuity Starting Date or your prior death.

11. **Unconditional Protection Against Lapse or Forfeiture.** Your contract will not lapse after the first premium has been paid. If premiums cease, you continue to own all benefits bought by premiums paid, any Additional Amounts credited and any Transfers from CREF.

12. Discontinuing and Resuming Premiums.

- A) **By You.** Premiums may be stopped at any time without notice to TIAA. Premiums may be resumed before the Annuity Starting Date without payment of any past due premiums or penalty of any kind; or payments may be applied to a replacement contract as set forth in the next paragraph.
- B) **By TIAA.** We cannot terminate the right to pay premiums to a TIAA annuity contract. However, TIAA does reserve the right, after at least three months' written notice to you, to stop accepting premiums for this contract, but only if:
 - (1) at the same time we stop accepting premiums to all other TIAA contracts issued with the same original Rate Schedule as yours and delivered in this State; and
 - (2) premiums are accepted for a new TIAA deferred annuity contract issued without an application, to be effective with the first premium paid for it; and
 - (3) the new contract has the same Annuity Starting Date, beneficiary and methods of benefit payment as those under this contract at the time of replacement.

PART C: YOUR INCOME BENEFIT

13. Changing Your Annuity Starting Date. Any time before you start to receive your Income Benefit, you may change the Annuity Starting Date to the first of any month after the change, but not to a month later than the one following your seventy-first birthday. If you have not chosen an Annuity Starting Date prior to your sixty-fifth birthday, the Date will be the first of the month following that birthday.

14. Starting Your Income Benefit. Payment of your Income Benefit will begin as of the Annuity Starting Date you have chosen, if you are then living and:

- A) you have sent us this contract;
- B) you have chosen one of the Income Options set forth in Section 15; and
- C) we have received due proof of your age and, if you choose a Survivor Annuity Option, the age of your Second Annuitant.

If A, B and C of this Section have not been completed by the Annuity Starting Date you have chosen, the Annuity Starting Date will be deferred to the first of the month after A, B and C have been completed or to the first of the month following your seventy-first birthday, whichever comes first.

15. Income Options are the ways in which you may have your Income Benefit paid to you. Any time before the Annuity Starting Date you may choose the Option you want. You may change your choice any time before payments begin, but once they have begun no change can be made.

Automatic Election Provision. If on the Annuity Starting Date determined in accordance with Sections 13 and 14, you have not chosen an Income Option, you will be deemed to have chosen the 'Life Annuity with 10-Year Guaranteed Period' Option if you are then single, or the 'Half Benefit to Second Annuitant with 10-Year Guaranteed Period' Option if you are then married.

These are the Income Options from which you will choose. All of them provide a lifetime income for you, some provide that payments will continue for the lifetime of a Second Annuitant and some provide that payments will continue in any event during a guaranteed period as explained in Section 16:

Single Life Annuity. A payment will be made to you each month as long as you live. All payments will cease at your death. This Option provides nothing for anyone after your death.

Life Annuity with 10-, 15- or 20-Year Guaranteed Period. A payment will be made to you each month as long as you live. If you die before the end of the guaranteed period you have chosen, the monthly payments will continue to the end of that period.

Survivor Annuity Options. Under each of these Options a payment will be made to you each month as long as you live, and will be continued for life to the Second Annuitant you have named if he or she survives you. After payments begin, you cannot change your choice of Second Annuitant. The monthly amount paid to you or a surviving Second Annuitant depends on which of these Options you choose:

Full Benefit to Survivor with or without a 10-, 15- or 20-Year Guaranteed Period. At the death of either you or your Second Annuitant the monthly benefits that continue to the survivor will be the full amount that would have been paid if both had lived. If you choose a guaranteed period and you and your Second Annuitant both die before the end of the period chosen, the Full Benefit monthly payments will continue to be paid to the end of that period; otherwise all payments will cease at the death of the last survivor of you and the Second Annuitant.

Two-thirds Benefit to Survivor with or without a 10-, 15- or 20-Year Guaranteed Period. At the death of either you or your Second Annuitant the monthly payments that continue to the survivor will be two-thirds of the amount that would have been paid if both had lived. If you choose a guaranteed period and you and your Second Annuitant both die before the end of the period chosen, the Two-thirds Benefit monthly payments will continue to be paid to the end of that period; otherwise all payments will cease at the death of the last survivor of you and the Second Annuitant.

Half Benefit to Second Annuitant with or without a 10-, 15- or 20-Year Guaranteed Period. The full monthly income will continue as long as you live. If your Second Annuitant survives you, he or she will receive payments each month of one-half the amount you would have received if you had lived. If you choose a guaranteed period and you and your Second Annuitant both die before the end of the period chosen, the Half Benefit monthly payments will continue to be paid to the end of that period; otherwise all payments will cease at the death of the last survivor of you and the Second Annuitant.

16. Payments to the End of a Guaranteed Period. At the time you choose an Income Option, you name the person or persons to receive these payments. You may later change the named persons and, if you choose a Survivor Annuity, after your death your surviving Second Annuitant may change the named persons unless you direct otherwise.

At the death of the last survivor of you and your Second Annuitant before the end of a guaranteed period you are chosen under one of the Survivor Annuity Options, or at your death before the end of a guaranteed period under one of the other Income Options, the monthly payments due for the remainder of the guaranteed period will continue to the surviving person or persons named to receive them. The Commuted Value of these payments may be paid in one sum unless we are directed otherwise.

If no one has been named to receive these payments, or if no one so named is then living, the Commuted Value will be paid in one sum to the estate of the last survivor of you and your Second Annuitant if you chose a Survivor Annuity Option, or to your estate if you chose one of the other Income Options.

If a person receiving these payments dies before the end of the guaranteed period, the Commuted Value of any payments still due that person will be paid to any other person or persons named to receive it. If no one has been so named, the Commuted Value will be paid to the estate of the last person who was receiving these payments.

17. The Amount of Your Monthly Income Benefit will be determined as of the Annuity Starting Date by: A) the amount of your Accumulation at that time; B) the Rate Schedule or Schedules under which premiums have been paid, any Additional Amounts have been credited and any Transfers from CREF have been made; C) the Income Option you choose; D) your age; E) if you choose one of the Survivor Annuity Options, your Second Annuitant's age; and F) if any applicable Rate Schedule provides for the use of sex-distinct mortality, your sex and that of any Second Annuitant. Any Additional Amount credited to you after the Annuity Starting Date will be paid in addition to the Income Benefit then payable. If your Income Benefit would be less than \$25 a month, TIAA will have the right to change to quarterly, semi-annual or annual payments, whichever will result in payments of \$25 or more and the shortest interval between payments.

PART D: DEATH BENEFIT

18. Payment of the Death Benefit. If you die before the Annuity Starting Date, TIAA will pay the Death Benefit to your beneficiary under one of the Methods of Payment set forth in Section 22. You may choose the Method during your lifetime as explained in Section 30. If you do not so choose, your beneficiary will make the

choice when he or she becomes entitled to payments. You may change the Method at any time before payments begin. After your death, your beneficiary may change the Method chosen by you, if you so provide. Any choice of Method or change of such choice must be made in writing as explained in Section 30.

19. Naming Your Beneficiary. Beneficiaries are persons you name, in form satisfactory to TIAA, to receive Death Benefit if you die before the Annuity Starting Date. You may designate different classes of beneficiaries, as primary (first) and contingent (secondary). These classes set the order of payment. If a class contains more than one person, the Death Benefit will be paid to the then living persons in the class in equal shares, unless you provide otherwise. For example, if you die before the Annuity Starting Date, having named your spouse as primary beneficiary and 'children' as equal contingent beneficiaries, your spouse would receive the Death Benefit if he or she survived you. But if your spouse did not survive you, then your children would receive equal shares of the Death Benefit.

The terms 'children' or 'my children' may be used to name a class of beneficiaries, either primary or contingent. Unless you specify otherwise, these terms will mean all children born of your marriage or marriages and any children legally adopted by you. The term 'children' also has the same inclusive meaning when used to name as beneficiaries the children of your spouse, your child, your brother or your sister.

If you name your estate as beneficiary, or if none of the beneficiaries you have named is alive at the time of your death, the Death Benefit will be paid to your estate in one sum.

If you die prior to the Annuity Starting Date never having named a beneficiary, your estate and your surviving spouse, if any, become the beneficiaries as follows:

- A) if you leave no surviving spouse, the Death Benefit will be paid to your estate in one sum;
- B) if you leave a surviving spouse, your spouse will receive lifetime monthly payments of the amount he or she would have received as Second Annuitant if you had started to receive your Income Benefit as of the first day of the month in which you die, having chosen the 'Half Benefit to Second Annuitant with 10-Year Guaranteed Period' Option. The part of the Death Benefit not needed to provide this income to your spouse will be paid to your estate in one sum.

20. Changing Your Beneficiary. At any time before the Annuity Starting Date you may change your beneficiary or add or delete beneficiaries, as explained in Section 30.

21. Starting Payment of the Death Benefit. Payment of the Death Benefit under one of the Methods set forth in Section 22 will start as of the first day of the month after we have received:

- A) this contract;
- B) due proof of your death;
- C) the choice of a Method of Payment as provided in Section 22; and
- D) due proof of the beneficiary's age if the Method chosen pays a lifetime income.

22. Methods of Payment. The Death Benefit will be paid to your beneficiary under one of the Methods shown below.

Single Life Annuity. A payment will be made to your beneficiary each month for life. All payments will cease at his or her death. This Method provides nothing for anyone after the death of your beneficiary.

Life Annuity with 10-, 15- or 20-Year Guaranteed Period. A payment will be made to your beneficiary each month for life. If he or she dies before the end of the guaranteed period chosen, the monthly payments will continue to the end of that period as explained in Section 23.

Payments for a Fixed Period. A payment of principal and interest will be made to your beneficiary each month for a fixed period of not less than two nor more than thirty years, as chosen. At the end of the period chosen all the principal and interest credited will have been paid out. If your beneficiary dies before the end of the period chosen, the monthly payments will continue to the end of that period as explained in Section 23.

Interest Payments. A payment of interest on the Death Benefit will be made to your beneficiary each month for a chosen period of not less than two nor more than thirty years. At the end of the period chosen, TIAA will pay the Death Benefit to your beneficiary. If your beneficiary dies while any part of the Death Benefit is held by TIAA, that amount will be payable as explained in Section 23.

Instead of a chosen period, interest payments may be made for 'the lifetime of the beneficiary,' with payment of the Death Benefit made after the death of your beneficiary as explained in Section 23.

The value of the Death Benefit placed under this Method must be at least \$5,000.

If any Method chosen, except Interest Payments, would result in payments of less than \$25 a month, TIAA will have the right to require a change in choice that will result in payments of not less than \$25 a month.

23. Payments after the Death of a Beneficiary. Any monthly payments still due at the death of your beneficiary during a guaranteed or fixed period will be continued to the person or persons named by you or your beneficiary to receive them. The Commuted Value of these payments may be paid in one sum unless we are directed otherwise.

If no one has been named to receive these payments, or if no one so named is living at the death of your beneficiary, the Commuted Value of these payments will be paid in one sum to your beneficiary's estate.

If a person receiving these payments dies before the end of the guaranteed or fixed period, the Commuted Value of any payments still due that person will be paid to any other persons named to receive it. If no one has been so named, the Commuted Value will be paid to the estate of the last person who was receiving these payments.

If your beneficiary dies while all or part of the Death Benefit is held by TIAA under the Interest Payments Method, that amount will be paid in one sum to the person or persons you or your beneficiary have named to receive it. If no such person survives your beneficiary, the Death Benefit will be paid in one sum to your beneficiary's estate.

24. The Amount of Death Benefit Payments will be determined by: A) the amount of your Accumulation as of the date of your death; B) the Rate Schedule or Schedules under which your premiums, any Additional Amounts and any Transfers from CREF were credited; C) the Method of Payment chosen for the Death Benefit; and D) if the Method chosen pays a lifetime income, the age of your beneficiary and, if any applicable Rate Schedule provides for the use of sex-distinct mortality, his or her sex. Any Additional Amount credited to you after the Annuity Starting Date will be paid in addition to the Income Benefit then payable.

PART E: GENERAL PROVISIONS

25. Report of Premiums and Accumulation. Once each year until the Annuity Starting Date, we will mail a report for the calendar year just ended. It will show the amount of premiums paid during the year and the amount of your Accumulation (Death Benefit) as of the end of the year.

26. Ownership of Contract. You own this contract. During your lifetime, you may, to the extent permitted by law, exercise every right given by it without the consent of any other person.

27. No Assignment. Neither you nor any other person may assign, pledge, or transfer ownership of this contract or any benefits under its terms. Any such action will be void and of no effect.

28. No Cash Surrender or Loans. This contract does not provide for cash surrender or loans.

29. Protection Against Claims of Creditors. The benefits and rights accruing to you or any other person under this contract are exempt from the claims of creditors or legal process to the fullest extent permitted by law.

30. Procedure for Elections and Changes. You, or your Second Annuitant or beneficiary having the right to do so, may elect or change, in accordance with the terms of your contract, any of the following by written notice satisfactory to TIAA sent to its home office in New York, NY:

- A) the Annuity Starting Date;
- B) an Income Option;
- C) a Method of Payment for the Death Benefit; or
- D) a beneficiary or any person named to receive payments remaining due.

No such notice will take effect unless it is received by TIAA. When received it will take effect as of the date it was signed, whether or not the signer is living at the time we receive it. Any action taken by TIAA in good faith before receiving the notice will not subject TIAA to liability because our acts were contrary to what was stated in the notice.

31. Payment to an Estate, Guardian, Trustee, etc. TIAA reserves the right to pay in one sum the Commuted Value of any benefits due an estate, corporation, partnership, trustee or other entity not a natural person. TIAA will not be responsible for the acts or neglects of any executor, trustee, guardian, or other third party to whom payment is made.

32. **Service of Process upon TIAA.** We will accept service of process in any action or suit against us on this contract in any court of competent jurisdiction in the United States, Puerto Rico or Canada, provided such process is properly made. We will also accept such process sent to us by registered mail if the plaintiff is a resident of the state, district, territory, or province in which the action or suit is brought. This Section does not waive any of our rights, including the right to remove such action or suit to another court.

33. **Benefits Based on Incorrect Data.** If the amount of benefits is determined by data as to a person's age or sex that is incorrect, benefits will be recalculated on the basis of the correct data. Any amounts underpaid by TIAA on the basis of the incorrect data will be paid at the time the correction is made. Any amounts overpaid by TIAA on the basis of the incorrect data will be charged against the payments due after the correction is made. Any amounts so paid or charged will include compound interest at the effective rate of 6% per year.

34. **Proof of Survival.** TIAA reserves the right to require satisfactory proof that anyone named to receive benefits under the terms of your contract is alive on the date any benefit payment is due. If this proof is not received after requested in writing, TIAA will have the right to make reduced payments or to withhold payments entirely until such proof is received. If under a Survivor Annuity Option TIAA has overpaid benefits because of a death of which we were not notified, subsequent payments will be reduced or withheld until the amount of the overpayment has been recovered.

35. **Non-Forfeiture of Benefits.** Amounts payable under this contract will not be less than the minimum required as of the Date of Issue by any statute of the State in which this contract is delivered. Any benefits purchased cannot be forfeited under this contract.

36. **Correspondence and Requests for Benefits.** No notice, application, form, premium payment, or request for benefits will be deemed to be received by us unless it is received at our home office. All benefits are payable at our home office. Any questions about this contract or inquiries about our service should be directed to us at our address:

TIAA
730 Third Avenue
New York, NY 10017.

37. **Change of Rate Schedule.** We may, at any time and from time to time, substitute a new Rate Schedule for the one in Section 38. A new Rate Schedule will apply only to benefits arising from premiums paid, Additional Amounts credited and Transfers from CREF made while that Schedule is in effect. Any such change will also be made to all other Retirement Annuity Contracts of this form. A change in the Rate Schedule will be made only after we have given you three months' written notice of the change. Any such change will not affect the amount of benefits purchased by premiums paid, Additional Amounts credited and Transfers from CREF made prior to the change. Any new Rate Schedule will specify the charges for expenses and contingencies, the interest rates and the mortality bases used for determining benefits arising from: A) premiums paid while such Rate Schedule is in effect; B) Additional Amounts credited while such Rate Schedule is in effect; and C) Transfers from CREF made while such Rate Schedule is in effect.

38. RATE SCHEDULE

The benefits bought by premiums paid while this Rate Schedule is in effect will be computed on this basis:

- (1) no deduction for expenses or contingencies;
- (2) interest at the effective annual rate of 3% from the first day of the month in which the premium is paid to the Annuity Starting Date or your prior death, and at the effective annual rate of 2½% thereafter; and
- (3) mortality according to the 1983 Table *a* (TIAA Merged Gender Mod A).

The benefits bought by Additional Amounts credited while this Rate Schedule is in effect will be computed on the same basis as for premiums except that for such Additional Amounts credited to the portion of the Accumulation resulting from premiums paid before August 1, 1983, mortality will be according to the 1983 Table *a* (TIAA modification A).

The benefits bought by Transfers from CREF made while this Rate Schedule is in effect will be computed on the same basis as for premiums except that for such Transfers of funds resulting from premiums paid to CREF before August 1, 1983, mortality will be according to the 1983 Table *a* (TIAA modification A).

When payments start to you, or to your beneficiary under an income method involving life contingencies, we will compute any benefits provided by the portion of the Accumulation resulting from premiums paid, Additional Amounts credited and Transfers from CREF made while this Rate Schedule is in effect on whichever of these bases produces the larger payments:

- (1) the applicable interest rate and mortality tables, as stated above; or
- (2) the interest rate and mortality table in use by TIAA for any individual single premium immediate annuities being offered when the payments start.

Amount of Yearly Life Annuity with 10-Year Guarantee Purchasable by a Single Premium of \$100											
One-twelfth of the amount shown is payable each month											
Age Attained When Premium Due	Annuity Beginning at			Age Attained When Premium is Due	Annuity Beginning at			Age Attained When Premium is Due	Annuity Beginning at		
	Age 60	Age 65	Age 70		Age 60	Age 65	Age 70		Age 60	Age 65	Age 70
20	\$15.01	\$19.17	\$24.87	37	\$9.08	\$11.60	\$15.05	54	\$5.49	\$7.01	\$9.10
21	14.58	18.61	24.15	38	8.82	11.26	14.61	55	5.33	6.81	8.84
22	14.15	18.07	23.44	39	8.56	10.93	14.18	56	5.18	6.61	8.58
23	13.74	17.54	22.76	40	8.31	10.61	13.77	57	5.03	6.42	8.33
24	13.34	17.03	22.10	41	8.07	10.30	13.37	58	4.88	6.23	8.09
25	12.95	16.54	21.45	42	7.83	10.00	12.98	59	4.74	6.05	7.85
26	12.57	16.05	20.83	43	7.60	9.71	12.60	60	4.60	5.87	7.62
27	12.21	15.59	20.22	44	7.38	9.43	12.23	61		5.70	7.40
28	11.85	15.13	19.63	45	7.17	9.15	11.88	62		5.54	7.18
29	11.51	14.69	19.06	46	6.96	8.89	11.53	63		5.37	6.97
30	11.17	14.26	18.50	47	6.76	8.63	11.19	64		5.22	6.77
31	10.84	13.85	17.97	48	6.56	8.38	10.87	65		5.07	6.57
32	10.53	13.44	17.44	49	6.37	8.13	10.55	66			6.38
33	10.22	13.05	16.93	50	6.18	7.90	10.24	67			6.20
34	9.92	12.67	16.44	51	6.00	7.67	9.94	68			6.01
35	9.63	12.30	15.96	52	5.83	7.44	9.66	69			5.84
36	9.35	11.95	15.50	53	5.66	7.22	9.37	70			5.67

The yearly payments shown above are those that result from a premium of \$100 paid or credited when you have reached an age shown in the "Age Attained" column, but have not passed that birthday by as much as one month. All ages used in computing benefits are calculated in completed years and months. Payments at ages other than those shown, and under other income methods are computed on the basis stated in the Rate Schedule for benefits bought by premiums. For premiums other than \$100, payments will be proportionate.

College Retirement Equities Fund

NEW YORK, N. Y.

RETIREMENT UNIT-ANNUITY CERTIFICATE

Certificate
Number

Date of Issue
Mo. Day Yr.

Date of Birth
Mo. Day Yr.

Annuity Starting Date
Mo. Day Yr.

Participant

CREF

This is to certify that you, as the owner (Participant) of this certificate, are entitled to share in the benefits of COLLEGE RETIREMENT EQUITIES FUND ("CREF"). No other person or institution is a party to this certificate.

This page refers briefly to some of the features of your certificate. The next pages set forth in detail the rights and obligations of both CREF and you under the certificate. *PLEASE READ YOUR CERTIFICATE. IT IS IMPORTANT.*

GENERAL DESCRIPTION

Each premium paid to CREF purchases a number of Accumulation Units representing your share in CREF. You may convert these into a lifetime income of Annuity Units. If you die before starting to receive this income the Accumulation Units will provide a benefit for your beneficiary under one of the methods described in your certificate.

Once each year we will report to you on the amount of premiums paid and the current value of your Accumulation Units.

When you are ready to start receiving your lifetime income, you choose the income option you want from among those described in your certificate. All options provide a lifetime income for you, and all but one also have some provision for another person, to be named by you.

You, or your beneficiary at your death, may have CREF pay the value of some or all of your Accumulation Units to Teachers Insurance and Annuity Association of America ("TIAA") for the purchase of a fixed dollar contract, as explained in your certificate.

This certificate cannot be assigned nor does it provide for cash surrender or loans.

SPECIMEN

James H. McDonald
Chairman

This certificate does not guarantee any fixed dollar amount of benefits.

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PART A: TERMS USED IN THIS CERTIFICATE

1. **Accumulation Units.** Each premium paid to your certificate will purchase a number of Accumulation Units determined in accordance with the Rules of the Fund. Before the Annuity Starting Date, your share of the net dividend and other income of CREF will purchase additional Accumulation Units that will be credited to you. The current value of each Accumulation Unit is based on the market value of CREF's investments and will be determined in accordance with the Rules of the Fund.

2. Your **Accumulation** is the value of all of your Accumulation Units. It will provide the benefits described in this certificate.

3. The **Annuity Starting Date** shown on page 3 is the date your lifetime income is scheduled to begin. The Date may be changed as explained in Sections 15 and 16.

4. An **Annuity Unit** is the unit of payment for all periodic benefits. The current value of an Annuity Unit will change from time to time to reflect changes in CREF'S investment, mortality and expense experience. The dollar value of any payment will be the product of the number of Annuity Units to be paid and the then current value of an Annuity Unit.

5. A **Unit Annuity** is a series of payments of the current value of a fixed number of Annuity Units. The number of Annuity Units to be paid and their then current value will be determined in accordance with the Rules of the Fund, using actuarial methods. The Options under which you may receive your Unit Annuity Income are described in Part C.

6. The **Second Participant** is the person you name, when starting to receive your income under a Survivor Unit Annuity Option, to receive a life income if he or she survives you. You may name your spouse, or any other person eligible under CREF's practices then in effect, to be a Second Participant.

7. The **Death Benefit** is the value of your Accumulation. It will be used to pay your beneficiary an income under one of the methods set forth in Part D if you die before the Annuity Starting Date.

8. A **Transfer** is the use of the value of some or all of your Accumulation Units to purchase fixed dollar benefits under a TIAA deferred or pay-out contract. The conditions applying to transfers are set forth in Part E.

9. The **Rules of the Fund** govern all matters affecting the interest of anyone in the Fund to the extent such matters are not specifically provided in this certificate. The Board of Trustees of CREF may amend the Rules of the Fund from time to time. Amendments to such Rules are effective only when approved by the Superintendent of Insurance of the State of New York as not being unfair, unjust, inequitable or prejudicial to the interest of anyone in the Fund. A copy of the Rules was furnished to you when this certificate was issued; you will be notified of all amendments to the Rules.

10. The **Commuted Value** is a one-sum payment made in lieu of a series of payments. The Commuted Value of a series of payments of Annuity Units is computed in accordance with the Rules of the Fund, in which it is referred to as the 'present value.'

PART B: CERTIFICATE AND PREMIUMS

11. **The Certificate.** We have issued this certificate in return for your completed application and the first premium. Any endorsement or amendment of this certificate or waiver of any of its provisions will be valid only if in writing and signed by an Executive Officer or Registrar of CREF. All premiums and benefits are payable at CREF's home office in New York, NY.

12. **Premium Amount.** Premiums for this certificate may be paid in any amount not less than \$25 each. You may change the amount or frequency of future premiums at any time. CREF will accept premiums any time before the Annuity Starting Date or your prior death.

13. **Unconditional Protection Against Lapse or Forfeiture.** Your certificate will not lapse after the first premium has been paid. If premiums cease, you continue to own all of your Accumulation Units.

14. Discontinuing and Resuming Premium Payments. Premiums may be stopped at any time without notice to CREF. Premiums may be resumed before the Annuity Starting Date without payment of any past due premium penalty of any kind.

PART C: YOUR UNIT ANNUITY INCOME

15. Changing Your Annuity Starting Date. Any time before you start to receive your Unit Annuity Income, you may change the Annuity Starting Date to the first of any month after the change, but not to a month later than the one following your seventy-first birthday. If you have not chosen an Annuity Starting Date prior to your sixty-fifth birthday, the Date will be the first of the month following that birthday.

16. Starting Your Unit Annuity Income. Payment of your Unit Annuity Income will begin as of the Annuity Starting Date you have chosen, if you are then living and:

- A) you have sent us this certificate;
- B) you have chosen one of the Income Options set forth in Section 17; and
- C) we have received due proof of your age and, if you choose a Survivor Unit Annuity Option, the age of your Second Participant.

If A, B and C of this Section have not been completed by the Annuity Starting Date you have chosen, the Annuity Starting Date will be deferred to the first of the month after A, B and C have been completed or to the first of the month following your seventy-first birthday, whichever comes first.

17. Income Options are the ways in which you may have your Unit Annuity Income paid to you. Any time before the Annuity Starting Date you may choose the Option you want. You may change your choice any time before payments begin, but once they have begun no change can be made.

Automatic Election Provision. If on the Annuity Starting Date determined in accordance with Sections 15 and 16, you have not chosen an Income Option, you will be deemed to have chosen the 'Life Unit Annuity with 10-Year Guaranteed Period' Option if you are then single, or the 'Half Benefit to Second Participant with 10-Year Guaranteed Period' Option if you are then married.

These are the Income Options from which you will choose. All of them provide a lifetime income for you, some provide that payments will continue for the lifetime of a Second Participant and some provide that payments will continue in any event during a guaranteed period as explained in Section 18:

Single Life Unit Annuity. A payment will be made to you each month as long as you live. All payments will cease at your death. This Option provides nothing for anyone after your death.

Life Unit Annuity with 10-, 15- or 20-Year Guaranteed Period. A payment will be made to you each month as long as you live. If you die before the end of the guaranteed period you have chosen, monthly payments will continue to the end of that period.

Survivor Unit Annuity Options. Under each of these Options a payment will be made to you each month as long as you live, and payments will continue for life to the Second Participant you have named if he or she survives you. After payments begin, you cannot change your choice of Second Participant. The number of Annuity Units paid to you or a surviving Second Participant each month depends on which of these Options you choose:

Full Benefit to Survivor with 10-, 15- or 20-Year Guaranteed Period. At the death of either you or your Second Participant the monthly payments that continue to the survivor will be the full number of Annuity Units that would have been paid if both had lived. If you choose a guaranteed period and you and your Second Participant both die before the end of the period chosen, the full number of Annuity Units will continue to be paid to the end of that period; otherwise all payments will cease at the death of the last survivor of you and the Second Participant.

Two-thirds Benefit to Survivor with or without a 10-, 15- or 20-Year Guaranteed Period. At the death of either you or your Second Participant the monthly payments that continue to the survivor will be two-thirds the number of Annuity Units that would have been paid if both had lived. If you choose a guaranteed period

and you and your Second Participant both die before the end of the period chosen, the two-thirds number of Annuity Units will continue to be paid to the end of that period; otherwise all payments will cease at the death of the last survivor of you and the Second Participant.

Half Benefit to Second Participant with or without a 10-, 15- or 20-Year Guaranteed Period. The full monthly number of Annuity Units will not change as long as you live. If your Second Participant survives you, he or she will receive monthly payments each month of one-half the number of Annuity Units you would have received if you had lived. If you choose a guaranteed period and you and your Second Participant both die before the end of the period chosen, the one-half number of Annuity Units will continue to be paid to the end of that period; otherwise all payments will cease at the death of the last survivor of you and the Second Participant.

18. Payments to the End of a Guaranteed Period. At the time you choose an Income Option, you name the person or persons to receive these payments. You may later change the named persons and, if you choose a Survivor Unit Annuity, after your death your surviving Second Participant may change the named persons unless you direct otherwise.

At the death of the last survivor of you and your Second Participant before the end of a guaranteed period you have chosen under one of the Survivor Unit Annuity Options, or at your death before the end of a guaranteed period under one of the other Income Options, the monthly payments due for the remainder of the guaranteed period will continue to the surviving person or persons named to receive them. The Commuted Value of these payments may be paid in one sum unless we are directed otherwise.

If no one has been named to receive these payments, or if no one so named is then living, the Commuted Value will be paid in one sum to the estate of the last survivor of you and your Second Participant if you chose a Survivor Unit Annuity Option, or to your estate if you chose one of the other Income Options.

If a person receiving these payments dies before the end of the guaranteed period, the Commuted Value of any payments still due that person will be paid to any other person or persons named to receive it. If no one has been named, the Commuted Value will be paid to the estate of the last person who was receiving these payments.

19. The Number of Annuity Units will be determined as of the Annuity Starting Date, in accordance with the Rules of the Fund, by: A) the value of your Accumulation Units at that time; B) the Income Option you choose; C) your age; D) if you choose one of the Survivor Unit Annuity Options, your Second Participant's age; E) if the Rules of the Fund provide for the use of sex-distinct mortality, your sex and that of any Second Participant; and F) the value of an Annuity Unit.

If your initial Unit Annuity payment would be less than \$25, CREF will have the right to change to quarterly, semi-annual or annual payments, whichever would result in an initial payment of \$25 or more and the shortest interval between payments.

PART D: DEATH BENEFIT

20. The Death Benefit. If you die before the Annuity Starting Date, CREF will pay the Death Benefit to your beneficiary under one of the Methods of Payment set forth in Section 24. You may choose the Method during your lifetime as explained in Section 32. If you do not so choose, your beneficiary will make the choice when he or she becomes entitled to payments. You may change the Method at any time before payments begin. After your death, your beneficiary may also change the Method chosen by you, if you so provide. Any choice of Method or change of such choice must be made in writing as explained in Section 32.

21. Naming Your Beneficiary. Beneficiaries are persons you name, in form satisfactory to CREF, to receive the Death Benefit if you die before the Annuity Starting Date. You may designate different classes of beneficiaries, such as primary (first) and contingent (secondary). These classes set the order of payment. If a class contains more than one person, the Death Benefit will be paid to the then living persons in the class in equal shares, unless you provide otherwise. For example, if you die before the Annuity Starting Date, having named your spouse as primary beneficiary and 'children' as equal contingent beneficiaries, your spouse would receive the Death Benefit if he or she survived you. But if your spouse did not survive you, then your children would receive equal shares of the Death Benefit.

The terms 'children' or 'my children' may be used to name a class of beneficiaries, either primary or

contingent. Unless you specify otherwise, these terms will mean all children born of your marriage or marriages and any children legally adopted by you. The term 'children' also has the same inclusive meaning when used to mean as beneficiaries the children of your spouse, your child, your brother or your sister.

If you name your estate as beneficiary, or if none of the beneficiaries you have named is alive at the time of your death, the Death Benefit will be paid to your estate in one sum.

If you die prior to the Annuity Starting Date never having named a beneficiary, your estate and your surviving spouse, if any, become the beneficiaries as follows:

- A) if you leave no surviving spouse, the Death Benefit will be paid to your estate in one sum;
- B) if you leave a surviving spouse, your spouse will receive lifetime monthly payments of the number of Annuity Units he or she would have received as Second Participant if you had started to receive your Income Benefit as of the first day of the month in which you die, having chosen the 'Half Benefit to Second Participant with 10-Year Guaranteed Period' Option. The part of the Death Benefit not needed to provide this income to your spouse will be paid to your estate in one sum.

22. Changing Your Beneficiary. At any time before the Annuity Starting Date, you may change your beneficiary or add or delete beneficiaries as explained in Section 32.

23. Payment of the Death Benefit. Payment of the Death Benefit under one of the Methods set forth in Section 24 will start as of the first day of the month after we have received:

- A) this certificate;
- B) due proof of your death;
- C) the choice of a Method of Payment as provided in Section 24; and
- D) due proof of the beneficiary's age if the Method chosen pays a lifetime income.

24. Methods of Payment. The Death Benefit will be paid to your beneficiary under one of the Methods shown below.

Single Life Unit Annuity. A payment will be made to your beneficiary each month for life. All payments will cease at his or her death. This Method provides nothing for anyone after the death of your beneficiary.

Life Unit Annuity with 10-, 15- or 20-Year Guaranteed Period. A payment will be made to your beneficiary each month for life. If he or she dies before the end of the guaranteed period chosen, the monthly payments will continue to the end of that period as explained in Section 25.

Unit Annuity for a Fixed Period. A payment will be made to your beneficiary each month for a fixed period of not less than two nor more than thirty years, as chosen. At the end of the period chosen the entire Death Benefit will have been paid out and no further payments will be made. If your beneficiary dies before the end of the period chosen, monthly payments will continue to the end of that period as explained in Section 25.

Unit Deposit. CREF will hold your beneficiary's Accumulation Units on deposit for a chosen period of not less than two nor more than thirty years. No periodic payments will be made under this Method. Additional Accumulation Units will be purchased in accordance with the Rules of the Fund from your beneficiary's share of the net dividend and other income of CREF. At the end of the period chosen, CREF will make a one-sum payment to your beneficiary. This one-sum payment will be the then current value of all Accumulation Units held by CREF for your beneficiary. If your beneficiary dies while any part of the Death Benefit is held by CREF, that amount will be payable as explained in Section 25.

Instead of a chosen period, the Accumulation Units may be held on deposit for 'the lifetime of the beneficiary,' with the one-sum payment made after the death of your beneficiary as explained in Section 25.

The value of the Death Benefit placed under this Method must be at least \$5,000.

Transfer to a TIAA Dollar Pay-out Contract. CREF will transfer the Death Benefit to TIAA for the purchase of an individual pay-out contract on the life of the beneficiary in any form then being issued by TIAA for such transfers, or an Annuity for a Fixed Period of not less than two nor more than thirty years, or an Interest Payments contract for A) the lifetime of the beneficiary; or B) a chosen period of not less than two nor more than thirty years. The pay-out rates for the TIAA contract will be the rates applying to such transfers at

that time; the contract will give the beneficiary the same rights as any person applying for a similar TIAA contract. The value of the Death Benefit transferred under this Method must be at least \$1,000; however, if an Interest Payments contract is chosen, the value of the Death Benefit transferred must be at least \$5,000.

If any Method chosen, except Unit Deposit, would result in an initial payment of less than \$25, CREF will have the right to require a change in choice that will result in an initial payment of not less than \$25 a month.

25. Payments after the Death of a Beneficiary. Any monthly payments still due at the death of your beneficiary during a guaranteed or fixed period will be continued to the person or persons named by you or your beneficiary to receive them. The Commuted Value of these payments may be paid in one sum unless we are directed otherwise.

If no one has been named to receive these payments, or if no one so named is living at the death of your beneficiary, the Commuted Value will be paid in one sum to your beneficiary's estate.

If a person receiving these payments dies before the end of the guaranteed or fixed period, the Commuted Value of any payments still due that person will be paid to any other person or persons named to receive it. If no one has been so named, the Commuted Value will be paid to the estate of the last person who was receiving these payments.

If your beneficiary dies while any Accumulation Units are held by CREF under the Unit Deposit Method, their then current value will be paid in one sum to the person or persons you or your beneficiary have named to receive it. If no such person survives your beneficiary, the then current value of all Accumulation Units held on deposit will be paid in one sum to your beneficiary's estate.

26. The Number of Annuity Units for a Beneficiary will be determined, in accordance with the Rules of the Fund, by: A) the value of your Accumulation Units as of the date of your death; B) the Method of Payment chosen for the Death Benefit; C) if the Method chosen pays a lifetime income, the age of your beneficiary and, if the Rules of the Fund provide for the use of sex-distinct mortality, his or her sex; and D) the value of an Annuity Unit.

PART E: TRANSFERS

27. Transfer to TIAA Dollar Annuity. You may transfer all or a part of your Accumulation to TIAA for the purchase of a TIAA deferred or pay-out annuity contract on your life, provided the election to transfer is made before the Annuity Starting Date, and subject to the following conditions:

- A) the premium rates for the TIAA contract will be the rates applying to such Transfers at the time the Transfer is made;
- B) you will have the same rights under the TIAA contract as any person then being issued a similar contract, except since a Transfer cannot be revoked or cancelled there will be no temporary right to cancel;
- C) the effective date of the Transfer will be the first day of the month following the month in which we receive your election or the first day of any later month you select;
- D) the election of a Transfer cannot be revoked after the effective date of such Transfer;
- E) the amount transferred must be at least \$1,000;
- F) no more than two Transfers may be made in any year; and
- G) the TIAA contract will not provide for assignment, loan or cash surrender.

The number of your Accumulation Units will be reduced by the number of such Units transferred to TIAA.

PART F: GENERAL PROVISIONS

28. Report of Premiums and Accumulation. Once each year until the Annuity Starting Date, we will mail a report for the calendar year just ended. It will show the amount of premiums paid during the year and the value of your Accumulation (Death Benefit) as of the end of the year.

29. Ownership. You own this certificate. During your lifetime, you may, to the extent permitted by law, exercise every right given by it without the consent of any other person.

30. No Assignment. Neither you nor any other person may assign, pledge, or transfer ownership of this certificate or any benefits under its terms. Any such action will be void and of no effect.

31. No Cash Surrender or Loans. This certificate does not provide for cash surrender or loans.

32. Procedure for Elections and Changes. You, or your Second Participant or beneficiary having the right to do so, may elect or change, in accordance with the terms of your certificate, any of the following by written notice satisfactory to CREF sent to its home office in New York, NY:

- A) the Annuity Starting Date;
- B) an Income Option;
- C) a Transfer;
- D) a Method of Payment for the Death Benefit; or
- E) a beneficiary or any person named to receive payments remaining due.

No such notice will take effect unless it is received by CREF. When received it will take effect as of the date it was signed, whether or not the signer is living at the time we receive it. Any action taken by CREF in good faith before receiving the notice will not subject CREF to liability because our acts were contrary to what was stated in the notice.

33. Payment to an Estate, Guardian, Trustee, etc. CREF reserves the right to pay in one sum the Commuted Value of any benefits due an estate, corporation, partnership, trustee or other entity not a natural person. CREF will not be responsible for the acts or neglects of any executor, trustee, guardian, or other third party to whom payment is made.

34. Correspondence and Request for Benefits. No notice, application, form, premium payment, or request for benefits will be deemed to be received by us unless it is received at our home office. All benefits are payable at our home office. Any questions about this certificate or inquiries about our service should be directed to us at our address:

CREF
730 Third Avenue
New York, NY 10017.

35. Service of Process upon CREF. We will accept service of process in any action or suit against us on this contract in any court of competent jurisdiction in the United States, Puerto Rico or Canada, provided such process is properly made. We will also accept such process sent to us by registered mail if the plaintiff is a resident of the state, district, territory, or province in which such action or suit is brought. This Section does not waive any of our rights, including the right to remove such action or suit to another court.

36. Protection Against Claims of Creditors. The benefits and rights accruing to you or any other person under this certificate are exempt from the claims of creditors or legal process to the fullest extent permitted by law. This protection is contained in the statute of the State of New York establishing CREF.

37. Benefits Based on Incorrect Data. If the amount of benefits is determined by data as to a person's age or sex that is incorrect, benefits will be recalculated on the basis of the correct data. If any overpayments or underpayments have been made by CREF, adjustments will be made in accordance with the Rules of the Fund.

38. Proof of Survival. CREF reserves the right to require satisfactory proof that anyone named to receive benefits under the terms of your certificate is alive on the date any benefit payment is due. If this proof is not received after requested in writing, CREF will have the right to make reduced payments or to withhold payments entirely until such proof is received. If under a Survivor Unit Annuity Option CREF has overpaid benefits because of a death of which we were not notified, subsequent payments will be reduced or withheld until the amount of the overpayment has been recovered.

39. Non-Forfeiture of Benefits. Benefits payable under this certificate will not be less than the minimum required as of the Date of Issue by any statute of the State in which this certificate is delivered. Any benefits purchased cannot be forfeited under this certificate.