



Date: May 2, 2018
To: UNC Retirement Program Participants
From: **Brian Usischon**
Senior Associate Vice President for Human Resource Services
Subject: Important Information About Your UNC Retirement Program

The University of North Carolina System is committed to periodically reviewing its retirement programs to make sure they continue to help you meet your retirement and financial goals. Among the things considered are the range of investment options available through the plans, investment option performance and value, and the resources available to help you manage your account.

As a result of a recent review, the UNC System has decided to make the following changes to the investment lineup for both the UNC Optional Retirement Plan (ORP) and the UNC System 457(b) Plan effective May 7, 2018.

Please note these changes will not apply to the UNC System 403(b) Plan due to current federal regulations; however, the UNC System Office is contacting the Internal Revenue Service to determine if the new investment funds can be made available in the UNC System 403(b) Plan at a later date.

The purpose of this email is to inform you of these changes and how you may be affected. You do not need to take any action.

WHAT'S CHANGING

The UNC System will replace the 12 Vanguard Target Retirement Funds currently offered in the ORP and UNC System 457(b) Plan with Vanguard Target Retirement Trusts.

The Vanguard Target Retirement Funds currently offered in the plans are mutual funds. The new Vanguard Target Retirement Trusts are commingled trusts. Trusts operate like mutual funds but are available only to institutional investors, including you as a participant in the ORP and/or UNC System 457(b) Plan.

Funds and trusts often invest in the same underlying securities and have the same objectives. Because trusts are only offered to institutions that have more money to invest, they can achieve greater efficiency and charge lower expense ratios than mutual funds. This reduces the overall cost for you to invest in them. (See the chart below for the expense ratios of the current and new investment options.)

The new Vanguard Target Retirement Trusts will be available to all ORP and UNC System 457(b) Plan participants beginning May 7, 2018. For more information about the new trusts, click [here](#) or visit the Vanguard Target Retirement Trust website at <https://retirementplans.vanguard.com/ekit/pmed/trf/index.html?&opw&UNC&>.

Please note that since the Vanguard Target Retirement Trusts are only available to institutional investors, you will not be able to monitor their investment returns through a service such as Morningstar. You will need to visit your investment carrier's website for the latest information. You may also visit the [Vanguard Target Retirement Trust website](#) and select *How to Choose One*. Here you will find links to the Target Retirement Trust fact sheets. The fact sheets contain the latest investment information and are updated at the end of each month.

If you are currently investing in one of the Vanguard Target Retirement Funds, the chart below shows how the current investment options will map to the new investment options.

CURRENT Investment Option and Share Class	Ticker		REPLACEMENT Investment Option and Share Class
Vanguard Institutional Target Retirement 2015 Institutional <i>Expense Ratio: 0.09%</i>	VITVX	>>	Vanguard Target Retirement 2015 Trust Plus <i>Expense Ratio: 0.06%</i>
Vanguard Institutional Target Retirement 2020 Institutional <i>Expense Ratio: 0.09%</i>	VITWX	>>	Vanguard Target Retirement 2020 Trust Plus <i>Expense Ratio: 0.06%</i>
Vanguard Institutional Target Retirement 2025 Institutional <i>Expense Ratio: 0.09%</i>	VRIVX	>>	Vanguard Target Retirement 2025 Trust Plus <i>Expense Ratio: 0.06%</i>
Vanguard Institutional Target Retirement 2030 Institutional <i>Expense Ratio: 0.09%</i>	VTTWX	>>	Vanguard Target Retirement 2030 Trust Plus <i>Expense Ratio: 0.06%</i>
Vanguard Institutional Target Retirement 2035 Institutional <i>Expense Ratio: 0.09%</i>	VITFX	>>	Vanguard Target Retirement 2035 Trust Plus <i>Expense Ratio: 0.06%</i>
Vanguard Institutional Target Retirement 2040 Institutional <i>Expense Ratio: 0.09%</i>	VIRSX	>>	Vanguard Target Retirement 2040 Trust Plus <i>Expense Ratio: 0.06%</i>
Vanguard Institutional Target Retirement 2045 Institutional <i>Expense Ratio: 0.09%</i>	VITLX	>>	Vanguard Target Retirement 2045 Trust Plus <i>Expense Ratio: 0.06%</i>
Vanguard Institutional Target Retirement 2050 Institutional <i>Expense Ratio: 0.09%</i>	VTRLX	>>	Vanguard Target Retirement 2050 Trust Plus <i>Expense Ratio: 0.06%</i>
Vanguard Institutional Target Retirement 2055 Institutional <i>Expense Ratio: 0.09%</i>	VIVLX	>>	Vanguard Target Retirement 2055 Trust Plus <i>Expense Ratio: 0.06%</i>
Vanguard Institutional Target Retirement 2060 Institutional <i>Expense Ratio: 0.09%</i>	VILVX	>>	Vanguard Target Retirement 2060 Trust Plus <i>Expense Ratio: 0.06%</i>
Vanguard Institutional Target Retirement 2065 Fund <i>Expense Ratio: 0.09%</i>	VSXFX	>>	Vanguard Target Retirement 2065 Trust Plus <i>Expense Ratio: 0.06%</i>
Vanguard Institutional Target Retirement Income Institutional <i>Expense Ratio: 0.09%</i>	VITRX	>>	Vanguard Target Retirement Income Trust Plus <i>Expense Ratio: 0.06%</i>

Expense ratio information as of March 27, 2018.

What You Need to Do

You do not need to do anything. When the market closes on May 7, 2018, all existing balances in the Vanguard Target Retirement Funds will be automatically transferred to the Vanguard Retirement Trusts as indicated in the chart above. In addition, any future contributions will be invested in the new investment trust as shown above, unless you contact TIAA or Fidelity to change your contributions.

You will receive a confirmation statement from your retirement carrier. Changes to your account(s) will also be noted online and on your next statement.

If you do not want your existing balances and future contributions to transfer as shown above, you must contact your investment carrier directly before 4:00 p.m. ET on May 4, 2018, and request a change.

QUESTIONS?

If you would like more information about the new investment options, or to review existing investment options in your plan, please contact your carrier directly.

Don't forget, you can change your current contribution allocation and current balance asset allocation at any time by contacting TIAA or Fidelity directly.

TIAA

- **By phone:** 800-842-2252, Monday through Friday, 8 a.m. to 10 p.m. and Saturday, 9 a.m. to 6 p.m., Eastern Time
- **Online:** www.tiaa.org/unc

Fidelity

- **By phone:** 800-343-0860, Monday through Friday, 8:30 a.m. to 8:00 p.m. Eastern Time
- **Online:** <http://www.netbenefits.com/unc>

You can also contact your campus HR/benefits representative.