



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

OPTIONAL RETIREMENT PROGRAM OF THE UNIVERSITY OF NORTH CAROLINA DISCLOSURE NOTICE & INSTRUCTIONS FOR FORM ORP-3

As a participant in the Optional Retirement Program (ORP) of The University of North Carolina (UNC or The University) your benefit is funded by contributions made by both you and The University. Your contributions are deducted from your paycheck on a pre-tax basis (before federal and state taxes). The University contributions are also made on a pre-tax basis. This means that you are not taxed on contributions and their investment earnings until you begin receiving payments from the plan. Contributions to the ORP end when you are no longer employed.

Money withdrawn from the plan is called a “distribution.” This includes receiving benefits when you retire, or receiving the value of your plan account if you end your employment with The University before you retire. The ORP is intended to provide you with income after you retire. You may not withdraw money from the plan while you are employed by The University (called an “in-service withdrawal”) until after age 59 ½. We recommend you confer with a financial planner prior to taking any distributions. For information about distribution options and to obtain the necessary forms to begin receiving a benefit, please contact your retirement vendor (Lincoln, TIAA, and/or VALIC).

Please read this notice and the instructions that follow to help you complete FORM ORP-3. If you have any questions about Form ORP-3, please contact a Human Resources-Benefits Representative at your UNC System institution.

UNC OPTIONAL RETIREMENT PROGRAM VESTING REQUIREMENTS

Being “vested” means you have a non-forfeitable right to the ownership of your plan benefits, even if you leave employment with The University. You are always 100% vested in your contributions to the plan, as well as their investment earnings. You are 100% vested in the University’s contributions and their earnings after five (5) years of participating in the ORP. In addition, some special vesting rules apply:

- You become 100% vested in The University’s contributions and their earnings upon your death. This means that if you die before retirement while still actively employed with The University, your beneficiary is entitled to the full value of your retirement benefit, including University contributions and their earnings, even if you had fewer than five years of participation in the ORP.
- If you leave The University, your participation in the Teachers’ and State Employees’ Retirement System (TSERS), the Local Governmental Employees’ Retirement System (LGERS) and/or the Consolidated Judicial Retirement System (CJRS) prior to the ORP, as well as your participation in the ORP itself, may count toward the ORP’s five-year participation requirement for vesting.
- If you leave employment with a constituent institution of UNC System before completing five years of participation in the ORP, but within 12 months, you continue participation with your subsequent employer in a “like retirement plan” that is the core defined contribution retirement plan of another institution of higher education or health care*, then the University may vest you in the value of the University contributions and their earnings.

“Like Retirement Plan” means a primary core defined contribution (DC) retirement plan (not a defined benefit (DB) plan) of an institution, organization, or system of higher education or health care or any supporting organizations, associated entities or foundations thereof (including without limitation, schools which are part of the National Consortium for Specialized Secondary Schools of Mathematics, Science and Technology)*.

*The UNC System considers the following criteria when evaluating institutions:

- a.) an institution of higher education, affiliated entity of higher education, or an associated entity or foundation of higher education whose sole purpose is to support an institution of higher education.
- b.) a health care entity providing patient and research activities as provided by UNC Health or ECU Health, or a foundation of a health care entity whose sole purpose is to support the health care system providing patient and research activities. Individuals assigned to work on a contractual or temporary basis, such as traveling nurses, at health care institutions do not meet the definition of subsequent employer under the ORP. Individuals must receive W-2 wages directly from a health care entity and not from a staffing agency or other third party; and
- c.) high schools that are part of the National Consortium for Specialized Secondary Schools of Mathematics, Science and Technology.

NORTH CAROLINA STATE INCOME TAX EXEMPTION

If you were enrolled in the UNC ORP on or before August 12, 1989, your UNC ORP retirement benefits are exempt from North Carolina State income tax. If you withdraw, transfer or rollover ALL of your UNC ORP contributions to an IRA or another employer's retirement plan, you will forfeit your right to this exemption.

STATE HEALTH PLAN OF NORTH CAROLINA RETIREE GROUP HEALTH COVERAGE

Vested participants in the UNC ORP *may be* eligible to continue group health insurance coverage as a retiree under the State Health Plan. To be eligible for group health insurance you must be receiving a monthly retirement benefit under the UNC ORP. If you withdraw, transfer or roll over ALL of your UNC ORP contributions to an IRA or another employer's retirement plan, you will forfeit your right to the State's retiree group health plan coverage.

NOTE: If you were first hired on or after January 1, 2021, retiree health insurance will not be available to you. Check with your institution's Human Resources/ Benefits Office for additional information.

Otherwise, upon retirement, you may enroll in the State of North Carolina's Retiree Group Health Plan with coverage to become effective on the first day of the month following the commencement of your monthly UNC ORP benefit. You will be eligible for full coverage if you were first employed with the State of North Carolina prior to October 1, 2006 and had five or more years of contributory retirement service. If you were hired on or after October 1, 2006, you must retire with 20 or more years of retirement service credit to be eligible for a non-contributory health care benefit. If you have at least five years of retirement service credit, but less than 20 years, you may be eligible for coverage by paying a higher percentage of the premiums. In all cases, if coverage is elected for your dependents, you must pay the full cost of dependent coverage.

INSTRUCTIONS FOR COMPLETING FORM ORP-3

SECTION A (EMPLOYEE DATA) & SECTION B (RETIREMENT PLAN PARTICIPATION) - Please complete all information in Section A and Section B. You may use approximate dates (month and year) if the exact dates are unknown.

SECTION C (REASON FOR TERMINATION) - Select **ONE** of the options under this section as it applies to your personal circumstance. Please read the description for each to determine which box to check:

- **Continuing Participation in a "Like" Retirement Plan at Another Institution** - If within 12 months of leaving The University, you were/will become employed at another institution of higher education or healthcare (including without limitation, schools which are part of the National Consortium for Specialized Secondary Schools of Mathematics, Science and Technology), select this box and indicate the name, anticipated start date, email address and mailing address for the Human Resources Department of your new institution of employment (subsequent employer). In order to minimize delays in verifying retirement enrollment with a subsequent

employer, you must complete all fields in this section for us to continue the verification and vesting process. Specifically, we need the Human Resources' contact information for your subsequent employer.

If you are leaving employment with UNC with less than five years of active participation in the UNC ORP, and will continue participating in a primary retirement plan with your subsequent employer, then your UNC ORP account **may be eligible** for vesting under the terms of the plan. Your subsequent employer's primary (mandatory) retirement plan must be a defined contribution plan and you must enroll in your subsequent employer's primary retirement plan following any enrollment waiting period as dictated by your subsequent employer, not to exceed 36 months. If you fail to timely enroll in your subsequent employer's primary retirement plan, you will not be considered vested in the UNC ORP and shall forfeit the contributions made on your behalf by the University, adjusted for investment experience of such contributions and for applicable charges, in accordance with the ORP plan document. You are renouncing forever any and all claims or rights to such University contributions to your UNC ORP account(s).

- **Delayed Notification of Enrollment in a "Like" Retirement Plan** – If you are within 12 months of leaving The University and have not yet secured subsequent employment, select this box.

If your retirement plan participation with The University is less than five years, it is your responsibility to notify The University in writing (to orp@northcarolina.edu) at such time as you have enrolled in a retirement plan that meets the vesting requirements of the ORP. Failure to notify The University within 12 months after your termination of employment, shall permit The University to proceed with the forfeiture of your UNC ORP account(s) contributions, made on your behalf by The University, adjusted for investment experience of such contributions and for applicable charges, pursuant to law. You are renouncing forever any and all claims or rights to such University contributions to your UNC ORP account(s).

If you are employed by an organization that is NOT an institution of higher education or health care within this 12 month period, the contributions made on your behalf by The University, adjusted for investment experience of such contributions and for applicable charges, shall be forfeited pursuant to law. You are renouncing forever any and all claims or rights to such University contributions to your UNC ORP account(s).

- **Not Continuing Participation in a "Like" Retirement Plan** – If within 12 months of leaving The University, you were/will become employed by an organization that is NOT an institution of higher education or health care, or if you were/will be unemployed or employed in a non-benefits-eligible position, select this box and indicate your affirmation of participation.

If your retirement plan participation with The University is less than five years, the contributions made on your behalf by the University, adjusted for investment experience of such contributions and for applicable charges, shall be forfeited pursuant to law. You are renouncing forever any and all claims or rights to such University contributions to your UNC ORP account(s).

- **Retirement/Retiree Health Insurance** - If you are retiring, or previously retired or separated from The University and you are seeking the State Health Plan of North Carolina Retiree Group Health Coverage, select this box and complete the statement that most applies to you. If you are retiring from the UNC System, but are not eligible for or are not yet seeking retiree health insurance, please select either the "Continuing Participation..." or "Not Continuing Participation..." option, as described above, that best applies to your future employment situation.

ORP PARTICIPATION AND ACKNOWLEDGEMENT – Read the acknowledgement and sign and date the form.

SUBMIT THE FORM - You must return your completed Form ORP-3 to the UNC System Office at orp@northcarolina.edu or to the Human Resources-Benefits Office of the institution where your employment has ended.

**OPTIONAL RETIREMENT PROGRAM OF THE UNIVERSITY OF NORTH CAROLINA
ACKNOWLEDGEMENT OF PARTICIPATION**

**FORM
ORP-3**

SECTION A. EMPLOYEE DATA				
FIRST NAME	MI	LAST NAME		
MAILING ADDRESS				EMPLOYEE ID
CITY	STATE	ZIP CODE	TELEPHONE NO.	PERSONAL EMAIL ADDRESS
EMPLOYER (UNC SYSTEM INSTITUTION)			EMPLOYMENT TERMINATION DATE	

SECTION B. RETIREMENT PLAN PARTICIPATION	
UNC ORP PARTICIPATION (SELECT ALL THAT APPLY) <input type="checkbox"/> FIDELITY <input type="checkbox"/> LINCOLN <input type="checkbox"/> TIAA <input type="checkbox"/> VALIC	DATES OF UNC ORP PARTICIPATION FROM _____ TO _____
OTHER NORTH CAROLINA RETIREMENT PLAN MEMBERSHIP <input type="checkbox"/> TSERS <input type="checkbox"/> LGERS <input type="checkbox"/> CJRS	DATES OF OTHER NORTH CAROLINA RETIREMENT PLAN MEMBERSHIP FROM _____ TO _____

SECTION C. REASON FOR TERMINATION	PLEASE READ SECTION C INSTRUCTIONS
<input type="checkbox"/> CONTINUING PARTICIPATION IN A "LIKE" RETIREMENT PLAN AT THE FOLLOWING INSTITUTION By completing this section, I hereby provide the below-named institution permission to release information regarding my retirement plan enrollment to the UNC System Office. To be considered, the employment effective date must be within twelve (12) months from the date of separation from the UNC System. See the instructions for the full definition of a "like" retirement plan.* NAME OF NEW INSTITUTION: _____ EMPLOYMENT EFFECTIVE DATE: _____ HUMAN RESOURCES MAILING ADDRESS: _____ HUMAN RESOURCES/BENEFITS EMAIL ADDRESS: _____	
<input type="checkbox"/> DELAYED NOTIFICATION OF ENROLLMENT IN A "LIKE" RETIREMENT PLAN Participants may delay notification of enrollment in a "like" plan for up to twelve (12) months from their separation from the UNC System.	
<input type="checkbox"/> NOT CONTINUING PARTICIPATION IN A "LIKE" RETIREMENT PLAN (SELECT ONE) I am leaving employment with the UNC System and am not continuing participation in a "like" retirement plan. I have five (5) years or more of ORP contributory service. <input type="checkbox"/> Yes <input type="checkbox"/> No	
<input type="checkbox"/> RETIREMENT WITH RETIREE HEALTH INSURANCE (SELECT ONE) Vested participants in the UNC ORP may be eligible to continue group health insurance coverage as a retiree under the State Health Plan of North Carolina (SHPNC). To be eligible for group health insurance you must be receiving a monthly retirement benefit under the UNC ORP. If you were first hired on or after January 1, 2021, retiree health insurance will not be available to you. Check with your institution's Human Resources/ Benefits Office for additional information. <input type="checkbox"/> I am retiring effective _____ and I would like to enroll in SHPNC retiree health insurance. <input type="checkbox"/> I previously retired or separated as of _____ and I would now like to enroll in SHPNC retiree health insurance with a requested coverage effective date of _____.	

ORP PARTICIPANT AUTHORIZATION AND ACKNOWLEDGEMENT
I acknowledge that I have read the UNC Optional Retirement Program Disclosure Notice and understand that if I am deemed "not vested" in the University contribution, I forfeit all rights to the University portion in my UNC ORP account and the portion of my account that represents my contributions may be retained in the insurance/mutual fund contract or withdrawn/rolled over to me as permitted by such contract. I understand that if I am eligible for retiree health coverage, and I withdraw, transfer, or roll over my entire UNC ORP account balance to an IRA or another employer's retirement plan, I thereby forfeit the right to the State's retiree group health plan coverage.
PARTICIPANT SIGNATURE: _____ DATE: _____

- Return to orp@northcarolina.edu -

***Note: This form is for vesting determination and/or retiree health insurance purposes only; it will not initiate any movement (rollover, transfer, etc.) of vested funds. Please work with your retirement carrier(s) directly to request distributions, if desired.**