THE UNIVERSITY OF NORTH CAROLINA SYSTEM

Date: November 20, 2025

To: UNC Retirement Program Participants

From: Greg Diagonale
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Subject: Important Information About Your UNC Retirement Program

On September 15, 2025, the Department of the Treasury and the Internal Revenue Service (IRS) released final regulations addressing SECURE Act 2.0, Section 603 provisions related to 401(k), 403(b) and 457(b) catch-up contributions for certain higher-income participants.

Catch-up contributions are additional amounts that participants can contribute pre-tax or after-tax to retirement plans beyond the standard IRS or plan limits. To be eligible for catch-up contributions, a participant must be age 50 or older by the end of the calendar year.

The purpose of this email is to inform you of a new mandatory Roth provision and how it will impact the UNC 403(b) and UNC 457(b) plans.

What's Changing

NEW RULES REGARDING CATCH-UP CONTRIBUTIONS FOR HIGHER EARNERS

Effective January 1, 2026, 403(b) and 457(b) catch-up contributions for participants age 50 and older whose FICA wages from their current UNC constituent institution for the prior year (2025) met or exceeded $150,000 (Box 3 of the 2025 W-2) must be made on a Roth (after-tax) basis.

When you make Roth contributions, you pay taxes up front on your contributions instead of when you receive a distribution from your account. Also, any earnings on your Roth contributions are tax-free when withdrawn as long as it has been five tax years since your first Roth account contribution and the distribution is a "qualified Roth distribution." A qualified Roth distribution is a distribution (i) made on or after age 59½, (ii) made to your beneficiary after your death, or (iii) made after you become disabled.

No action required!

If the new mandatory Roth provision applies to you, your catch-up contributions to both the UNC 403(b) and UNC 457(b) plan will automatically shift to Roth contributions.

2026 IRS CONTRIBUTION LIMITS

	UNC 403(b) Plan	UNC 457(b) Plan
Minimum	$200 per calendar year	$200 per calendar year
Maximum	$24,500 in 2026; participants who are age 50 by the end of the plan year may defer an additional $8,000 in 2026. Note: Combined limit for pre-tax and Roth after-tax contributions.	100% of taxable pay not to exceed $24,500 in 2026; participants who are age 50 by the end of the plan year may defer an additional $8,000 in 2026. As an alternative to the catch-up contribution, participants age 50 and older are eligible to defer up to twice the contribution limit in effect for the three years preceding the employee's normal retirement age, subject to eligibility.

Questions?

Please contact your University Benefits Administrator if you have questions about this change.

Note: You can change your current contribution allocation at any time by contacting TIAA directly. You can also contact CAPTRUST, the UNC System's investment advisor, to schedule an appointment with a Retirement Counselor at no cost to you.

TIAA	CAPTRUST
By phone: 800-842-2252, Monday through Friday, 8 a.m. to 10 p.m. ET and Saturday, 9 a.m. to 6 p.m. ET **Online:** www.tiaa.org/unc or TIAA.org/schedulenow	**By phone:** 800-967-9948 **Online:** www.captrustatwork.com