



Date: January 12, 2016

To: UNC Retirement Program Participants

From: **Brian Usischon**
Associate Vice President for Human Resources & University Benefits Officer

Subject: Important Information About Your Retirement Program Investment Options

The University of North Carolina (UNC) sponsors various retirement programs that provide you the opportunity to save for your financial future. UNC is making changes to the fund lineup for the Optional Retirement Program (“ORP”), the UNC System 403(b) Plan (“UNC 403(b) Plan”) and the UNC System 457(b) Plan (“UNC 457(b) Plan”).

The purpose of this memo is to inform you of these changes and how you may be affected. You have no action to take.

What’s Changing

Vanguard Mutual Fund Changes for Fidelity and TIAA-CREF Participants

After market close on January 21, 2016, the Vanguard Mutual Fund investments listed in the chart below will be converted to a lower-cost share class of the same fund. The previous and the new share class, along with the ticker symbols and expense ratios for each fund, are displayed side-by-side below. This change applies to the ORP, UNC 403(b) Plan and the UNC 457(b) Plan.

The new share class will offer you the same investment strategy and risk, but the overall expense will be lower.

Vanguard Mutual Fund	Previous Vanguard Investment Share Class			New Vanguard Investment Share Class as of January 21, 2016		
	Share Class	Ticker Symbol	Net Expense Ratio	Share Class	Ticker Symbol	Net Expense Ratio
Vanguard Target Retirement 2010 Fund	Investor	VTENX	0.16%	Institutional	VIRTX	.10%
Vanguard Target Retirement 2015 Fund	Investor	VTXVX	0.16%	Institutional	VITVX	.10%
Vanguard Target Retirement 2020 Fund	Investor	VTWNX	0.16%	Institutional	VITWX	.10%
Vanguard Target Retirement 2025 Fund	Investor	VTTVX	0.17%	Institutional	VRIVX	.10%

Vanguard Mutual Fund	Previous Vanguard Investment Share Class			New Vanguard Investment Share Class as of January 21, 2016		
	Share Class	Ticker Symbol	Net Expense Ratio	Share Class	Ticker Symbol	Net Expense Ratio
Vanguard Target Retirement 2030 Fund	Investor	VTHR	0.17%	Institutional	VTTWX	.10%
Vanguard Target Retirement 2035 Fund	Investor	VTTHX	0.18%	Institutional	VITFX	.10%
Vanguard Target Retirement 2040 Fund	Investor	VFORX	0.18%	Institutional	VIRSX	.10%
Vanguard Target Retirement 2045 Fund	Investor	VTIVX	0.18%	Institutional	VITLX	.10%
Vanguard Target Retirement 2050 Fund	Investor	VFIFX	0.18%	Institutional	VTRLX	.10%
Vanguard Target Retirement 2055 Fund	Investor	VFFVX	0.18%	Institutional	VIVLX	.10%
Vanguard Target Retirement 2060 Fund	Investor	VTTSX	0.18%	Institutional	VILVX	.10%
Vanguard Target Retirement Income Fund	Investor	VTINX	0.16%	Institutional	VITRX	.10%

Columbia Acorn International Fund Will No Longer Be Offered

The Columbia Acorn International Fund (CCYIX) will no longer be offered under the UNC Retirement Program on or after January 21, 2016. This mutual fund will be replaced by the T. Rowe Price International Discovery Fund (PRIDX).

Your existing account balance and future contributions to the Columbia Acorn International Fund will be transferred to the T. Rowe Price International Discovery Fund as of 4:00 p.m. ET on January 21, 2016.

The Principal Fixed Account Will No Longer Be Offered To Fidelity Participants

The Principal Fixed Account will no longer be offered under the UNC 403(b) and UNC 457(b) Plans on or after January 21, 2016. This offering will be replaced by the Lincoln Fixed Account, which currently offers a better guaranteed rate of return – 2.25% compared to 1.00%.

Your existing account balance in the Principal Fixed Account will be transferred to the Lincoln Fixed Account on a systematic basis over a five-year period. This means that a portion of your account balance will be transferred each year for five years. The first transfer will occur at the end of January. You may also choose to direct your current account balance in the Principal Fixed Account to another fund at any time by contacting Fidelity directly.

Your future contributions in the Principal Fixed Account will be automatically transferred to the Lincoln Fixed Account as of 4:00 p.m. ET on January 21, 2016.

What Do You Need to Do?

No action is required of you in regard to these changes. If, however, 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 January 21, 2016, and request a change.

You will receive a Confirmation Statement from your retirement vendor soon after the changes. Changes to your account(s) will also be noted on your account online and on your 1st quarter 2016 statement.

If you are not currently investing in any of the above and want more information, visit www.tiaa-cref.org/unc or www.plan.fidelity.com/unc. And, remember, you can change your contribution allocation and current balance asset allocation at any time.

Questions?

If you have any questions, contact your retirement vendor:

TIAA-CREF

- By phone: 800-842-2252, Monday through Friday, 8:00 a.m. to 10:00 p.m. and Saturday, 9:00 a.m. to 6:00 p.m., ET.
- Online: www.tiaa-cref.org/unc

Fidelity

- By phone: 800-642-7131, Monday through Friday, 8:00 a.m. – 12:00 midnight.
- Online: www.plan.fidelity.com/unc

You can also contact your campus HR/benefits representative.