



**Date:** June 29, 2015  
**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. One of UNC's investment carriers, TIAA-CREF, is making changes to the College Retirement Equities Fund (CREF) and the Vanguard Mutual Fund, which are part of the fund lineup for the Optional Retirement Program, the UNC System 403(b) Plan and the UNC System 457(b) Plan. The purpose of this email is to inform you of these changes and how you may be affected.

## What's Changing

### CREF Accounts

Originally, CREF accounts had a single-class structure. As a result, the same expense ratio and plan services expense fees (the amount paid to TIAA-CREF for managing the fund) were charged to all plans, no matter the size of the assets being managed. In April, TIAA-CREF expanded to three classes—the current class (being renamed to R1) plus two new classes, R2 and R3. The new classes are based on an institution's total assets in CREF accounts across all plans.

Based on our CREF account assets, UNC qualifies for the R3 class, which provides the lowest expense ratio and means lower costs to UNC plan participants. The chart below highlights the change in plan expenses:

Previous CREF Accounts			New CREF R3 Accounts as of April 24, 2015		
CREF Account	Estimated Expense Ratio	Plan Services Expense	CREF Account	Estimated Expense Ratio	Plan Services Expense
CREF Stock	0.455%	0.24%	CREF Stock R3	0.370%	0.10%
CREF Social Choice	0.405%	0.24%	CREF Social Choice R3	0.330%	0.10%
CREF Money Market	0.395%	0.24%	CREF Money Market R3	0.315%	0.10%

Although the expense ratio differs among the classes, the investment strategy, objective and risk profile for each CREF account will remain the same.

## Vanguard Mutual Funds

On or about July 14, 2015, the Vanguard Mutual Fund investments listed in the chart below will be converted to a lower-cost share class of the same fund. The current and the new share class, along with the ticker symbols and expense ratios for each fund, are displayed side-by-side below.

Vanguard Mutual Fund	Current Vanguard Investment Share Class			New Vanguard Investment Share Class as of July 14, 2015		
	Share Class	Ticker Symbol	Net Expense Ratio*	Share Class	Ticker Symbol	Net Expense Ratio*
Vanguard Extended Market Index	Institutional	VIEIX	0.08%	Institutional Plus	VEMPX	0.06%
Vanguard Short-Term Bond Index	Admiral	VBIRX	0.10%	Institutional	VBITX	0.07%

Although the expense ratio differs among the classes, the investment strategy, objective and risk profile for each Vanguard Mutual Fund investments noted above will remain the same.

## What Do You Need to Do

**Please note that no action is required of you in regard to these changes.**

If you had assets in a CREF account prior to April 24, 2015, those assets were automatically placed in the newly designated R3 class. In addition, any future contributions will also be placed in the newly designated class. Changes to your account(s) are noted on your account online and will be noted on your second quarter 2015 statement.

If you have assets in the one of the Vanguard Mutual investment funds, your current balances and future contributions will be automatically directed to the lower-cost replacement share class of that fund on or about July 14, 2015. You will receive a Confirmation Statement from TIAA-CREF soon after the change on July 14, 2015. Changes to your account(s) will also be noted on your account online and on your 3<sup>rd</sup> quarter 2015 statement.

If you are not currently investing in a CREF account and/or Vanguard Mutual Fund and want more information about these funds, visit [www.tiaa-cref.org/unc](http://www.tiaa-cref.org/unc). And, remember, you can change your contribution allocation and current balance asset allocation at any time.

## Questions?

If you have any questions, contact 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](http://www.tiaa-cref.org/unc).

You can also contact your campus HR/benefits representative.