

THE UNIVERSITY OF NORTH CAROLINA OPTIONAL RETIREMENT PROGRAM

APPENDIX:

**THE UNIVERSITY OF NORTH CAROLINA QUALIFIED GOVERNMENTAL EXCESS
BENEFIT ARRANGEMENT**

**AMENDED AND RESTATED
JANUARY 1, 2025**

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The University of North Carolina Optional Retirement Program Appendix
The University of North Carolina
Qualified Governmental Excess Benefit Arrangement

INTRODUCTION

WHEREAS, The University of North Carolina (the “**University**”) is a public institution of higher education of the State of North Carolina and is a “body politic and corporate” of said State;

WHEREAS, the University has established an Optional Retirement Program, which is a governmental retirement plan intended to qualify, and which has been found by the Internal Revenue Service to qualify, as a qualified plan under Sections 401(a) and 403(a) of the Internal Revenue Code of 1986, as amended, (“**Code**”);

WHEREAS, Section 415(m) of the Code authorizes a governmental organization to establish a qualified excess benefit plan as a portion of a governmental plan, as provided by Section 415(m) of the Code;

WHEREAS, the purpose of The University of North Carolina Qualified Governmental Excess Benefit Arrangement (the “**Arrangement**”) is to provide participants in the Optional Retirement Program of The University of North Carolina (the “**Plan**”) that portion of a participant’s benefits that would otherwise be payable under the terms of the Plan except for the limitations on benefits imposed by Section 415 of the Code; and

WHEREAS, this Arrangement is intended to comply with Section 415(m) of the Code and is intended to be an appendix to the Plan.

NOW, THEREFORE, the University hereby establishes this Arrangement as amended and restated, effective January 1, 2025.

GENERAL PROVISIONS

Except as noted herein, this Arrangement shall operate in accordance with the Plan and the policies and procedures adopted hereunder.

ARTICLE I

DEFINITIONS

Capitalized terms used but not defined in this Arrangement shall have the meanings given to them in the Plan.

ARTICLE II

PARTICIPATION

2.01 Eligible Class. All employees of the Eligible Employer shall participate in the Arrangement if they are Participants in the Plan and the net amount determined in Sections 3.1, 3.2, and 3.3 of the Arrangement exceeds zero for any month.

ARTICLE III

ARRANGEMENT CONTRIBUTIONS

3.01 Arrangement Contributions Under this Arrangement. Notwithstanding anything herein to the contrary, contributions made to this Arrangement (“**Arrangement Contributions**”) shall only be made when the contemplated Contributions to the Plan for any Plan Year (as described in Sections 3.02, 3.03, and 3.04 of the Plan) exceeds the maximum Annual Addition amount (as described in Section 3.08 of the Plan).

3.02 Amount of Arrangement Contributions. The amount of the Arrangement Contribution made on behalf of a Participant to this Arrangement for any Plan Year in which the circumstance described in Section 3.1 applies shall equal:

(a) The amount of the Contributions for such Plan Year, determined pursuant to Sections 3.02, 3.03, and 3.04 of the Plan, without regard for the application of the maximum Annual Addition limitation described in Section 3.08 of the Plan, minus

(b) The actual amount of the Contributions for such Plan Year, determined pursuant to Sections 3.02, 3.03, and 3.04 of the Plan after applying the maximum Annual Addition limitation described in Section 3.08 of the Plan.

Notwithstanding the foregoing, no Arrangement Contribution for any Plan Year may be based on an amount of a Participant’s Compensation in excess of the limit on maximum allowable compensation set forth under Code Section 401(a)(17) as of the first day of such Plan Year.

3.03 Timing of Arrangement Contributions. Any Arrangement Contributions made on behalf of a Participant to this Arrangement shall be made at the same time as the corresponding Contributions are made to the Plan. In the event that no Contributions may be made on behalf of a Participant to the Plan for a particular Plan Year due to the application of the maximum Annual Addition limitations described in Section 3.08 of the Plan (thereby entitling such Participant to a Arrangement Contributions to this Arrangement equal to the amount of the contemplated Contribution to the Plan), such Arrangement Contribution shall be made within two and one-half months following the end of the Plan Year to which such Arrangement Contribution relates.

3.04 Cessation of Arrangement Contributions. No Arrangement Contributions made pursuant to this Arrangement shall be made on behalf of a Participant after the payment of benefits to that Participant has commenced under this Arrangement.

ARTICLE IV

INVESTMENTS

Arrangement Contributions under this Arrangement shall be deemed to be invested in the same form and manner as amounts held in the Participant’s Individual Account under the Plan, as if all investment elections under the Plan equally applied to amounts credited to a Participant’s “**Arrangement Account**” under this Arrangement. The Participant’s Arrangement Account shall be the bookkeeping account maintained by the University to track the value of the Participant’s benefit under this Arrangement.

ARTICLE V

PAYMENT OF BENEFITS

5.01 Benefit Amounts. The benefits payable to or on behalf of a Participant under this Arrangement shall be equal to the Participant's Arrangement Account balance under this Arrangement, which shall be the sum of all Arrangement Contributions made under this Arrangement for the Participant, reduced by Plan or Arrangement expenses properly chargeable to the Participant, and increased or decreased (as appropriate) by the Participant's "**investment factor**," as described below.

A Participant's "investment factor" shall be equal to the return on investment realized on the Participant's Arrangement Account balance had that balance been invested in accordance with the same instructions used to invest the Participant's Individual Account under the Plan, provided such instructions exclusively utilize an authorized vendor approved by the University.

5.02 Commencement of Benefits. Payment of benefits under this Arrangement to a Participant will occur coincident with the payment of Plan benefits.

5.03 Form of Benefit Payment. Upon commencement, benefits shall be determined pursuant to the Plan. Any election of benefit form under the Plan shall also be applicable under this Arrangement, to the extent such form is available.

5.04 Beneficiary Designation. A Participant's "Arrangement Beneficiary" shall be the Participant's Beneficiary as determined pursuant to the Plan. Any changes to a Participant's Beneficiary under the Plan shall automatically be applied to this Arrangement.

Further, to the extent there is no Beneficiary designation under the Plan at the date of death of the Participant, or if the Beneficiary designated has died prior to the death of the Participant, or if the Participant has revoked a prior designation in writing filed with the Plan Administrator without having filed a new designation, then any death benefits which would have been payable to the Beneficiary hereunder shall be payable to the Participant's spouse, if living; if not living, equally to the Participant's children; or if none survive, then to the Participant's estate.

5.05 Vesting Provisions. To the extent an Arrangement Contribution is made to this Arrangement on behalf of a Participant for a Plan Year, such Arrangement Contribution shall be subject to the same vesting conditions applicable to the corresponding Contributions made to the Plan for such Plan Year. In the event that no Contributions may be made on behalf of a Participant to the Plan for a particular Plan Year due to the application of the maximum Annual Addition limitation described in Section 3.08 of the Plan (thereby entitling such Participant to an Arrangement Contribution to this Arrangement equal to the amount of the contemplated Contribution to the Plan), such Arrangement Contribution shall be subject to the vesting conditions that would have been applicable to the contemplated Contribution had the University been able to make such Contribution to the Plan.

5.06 Forfeiture Provisions. Any Forfeitures occurring during the Plan Year shall be used, first, to pay Plan expenses; second, to reduce any University Contributions to the Plan.

5.07 Non-Alienation Provisions. A Participant's right to benefit payments under the Arrangement are not subject in any manner to anticipation, alienation, sale, transfer, assignment,

pledge, encumbrance, attachment or garnishment by creditors of the Participant or the Participant's Beneficiary.

ARTICLE VI

UNFUNDED STATUS

Participants and their Beneficiaries will have no right or property interest in any assets held to support the liabilities created hereunder. Participants have the status of general unsecured creditors of the Eligible Employer, and this Plan constitutes a mere promise by the Eligible Employer to make benefit payments in the future. Any and all payments made to or on behalf of a Participant pursuant to the Arrangement shall be made from the general assets of the Eligible Employer. Any and all annuity contracts or mutual funds purchased to support the liabilities hereunder shall be registered in the name of the employer and held as a general asset on its books of account.

ARTICLE VII

PLAN ADMINISTRATION

7.01 Powers and Duties. The Plan Administrator shall administer the Arrangement. It shall have the authority to interpret, construe, and implement the Arrangement, to adopt and review rules and regulations relating to the Arrangement and to make all other determinations relating to the administration of the Arrangement. Any decision or interpretation of any provision of the Arrangement adopted by the Plan Administrator shall be final and conclusive. The Plan Administrator may delegate authority to carry out these duties pursuant to the terms of the Plan. A Participant who is also delegated administrative authority under the Arrangement, shall not participate in any decision involving any requests made by him or her or relating in any way solely to his or her rights, duties and obligations as a Participant under the Arrangement.

7.02 Consultants. Consistent with any applicable laws, regulations, or policies of the State of North Carolina, the Plan Administrator may employ such counsel, accountants, actuaries and other agents as it shall deem advisable. The University shall pay the compensation of such counsel, accountants, actuaries and other agents and any other due and proper expenses incurred by the Plan Administrator in the administration of the Arrangements to offset the liabilities created by this Arrangement that are not otherwise accommodated through products purchased under this Arrangement.

ARTICLE VIII

AMENDMENT AND TERMINATION

8.01 Amendment. The University reserves the right to amend or to modify the Arrangement at any time, including retroactively, by formal action of its Board of Governors or its delegate, so long as the amendment or modification does not reduce a Participant's benefits that accrued under this Arrangement prior to the earlier of the date on which such amendment is authorized or executed.

8.02 Termination. The University reserves the right to terminate the Arrangement at any time by formal action of its Board of Governors, so long as the termination does not reduce a Participant's benefits that accrued under the Plan prior to the date of such termination.

ARTICLE IX

GENERAL PROVISIONS

9.01 Governing Law. Except to the extent superseded by federal law, the laws of the State of North Carolina shall be controlling in all matters relating to this Arrangement, including the construction and performance hereof, notwithstanding principles of conflicts of laws.

9.02 Captions. The captions of Articles and Sections of this Arrangement are for convenience of reference only and shall not control or affect the meaning or construction of any of its provisions.

9.03 Facility of Payment. Any amounts payable hereunder to any person who is under legal disability or who, in the judgment of the Plan Administrator, is unable to manage his financial affairs properly may be paid to the legal representative of such person or may be applied for the benefit of such person in any manner that the Plan Administrator may select, and any such payment shall be deemed to be payment for such person's account.

9.04 Withholding. To the extent required by the laws in effect at the time payments are made hereunder, the University shall withhold from such payments, any taxes required to be withheld for federal, state or local government purposes.

9.05 Administrative Expenses. Except as provided in the products used to underwrite liabilities hereunder, all other expenses relating to the Arrangement and its administration shall be borne by the University.

9.06 Severability. Any provision of this Arrangement prohibited by the law of any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such prohibition without invalidating the remaining provisions hereof.

9.07 Liability. Except as otherwise expressly provided herein, no member of the Board of Governors of the University no delegate of the Plan Administrator, and no officer, employee or agent of the Eligible Employer or the Plan Administrator Committee (specifically including, but not limited to an employee of the University acting at the direction of the Plan Administrator) shall have any liability to any person, firm or corporation based on or arising out of the Arrangement except in the case of gross negligence or fraud. The University agrees to indemnify each member of its Board of Governors, each delegate of the Plan Administrator and each officer and employee of the Eligible Employer against all liabilities arising out of the performance of his duties hereunder, excluding liabilities resulting from the individual's gross negligence or fraud.

9.08 Binding Effect. This Arrangement shall be binding upon and shall inure to the benefit of the University, its successors and assigns and each Participant and his heirs, executors, administrators and legal representatives.

9.09 Construction. Any words herein used in the masculine shall be read and construed in the feminine where they would so apply. Words in the singular shall be read and construed as though used in the plural in all cases where they would so apply.

As evidence of its adoption of the Arrangement, the Board has caused this instrument to be signed by its Chair therefore duly authorized and its corporate seal to be affixed hereto this 15th day of May, 2025.

THE BOARD OF GOVERNORS OF
THE UNIVERSITY OF NORTH CAROLINA

Wendy F. Murphy
CHAIR

ATTEST:
By: Meredith McLean
Secretary
The University of North Carolina

SEAL