



Date: November 7, 2016
To: UNC Retirement Program Participants
From: **Brian Usischon**
Senior Associate Vice President for Human Resource Services
Subject: Important Information About Your UNC Retirement Program

At The University of North Carolina (UNC), we know how important it is to prepare for retirement. We are committed to making sure our University-sponsored retirement programs (the Optional Retirement Program (“ORP”), the UNC 403(b) and UNC 457(b) Plans) keep up with changes in the financial markets and meet all legal requirements. The issue of retirement funds and the fees charged to plan participants has been in the news recently. The purpose of this email is to ensure you are informed about how UNC addresses this important issue and to inform you of upcoming changes to our retirement programs.

UNC’s Retirement Funds and Fees

In managing our retirement program funds, one of our goals has always been to ensure plan fees are reasonable. To do this, we leverage our status as a major employer, which allows us to negotiate fees that are often below retail prices. At the same time, it is also our priority to provide the service and investment flexibility that allows participants to diversify and meet their savings goals through the funds offered under the UNC retirement program.

To govern this process, UNC established the UNC Benefits Committee. Its job is to carefully monitor our retirement plans and fees. The University formally adopted an Investment Policy Statement to guide investment selections made for the University’s retirement plans, and with assistance from an independent advisory firm, CAPTRUST, reviews all of UNC retirement plan offerings. Review the Investment Policy Statement [here](#).

Over the past few years, we have also leveraged our buying power to take advantage of lower expense ratios (i.e. lower cost share class) for several of the funds found in both the ORP and UNC 403(b) Plan. By doing so, we are able to realize lower expense ratios which mean lower fees paid by plan participants. In 2016, we were able to once again negotiate lower recordkeeping costs from both Fidelity and TIAA.

The following are upcoming changes to the UNC-sponsored retirement programs that may affect you.

What’s Changing

Mutual Fund Changes

Vanguard Mutual Fund Share Class Changes for Fidelity Participants

After market close on December 19, 2016, the Vanguard mutual funds 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, the UNC 403(b) and UNC 457(b) Plans.

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

Current Vanguard Investment Option and Share Class			New Vanguard Investment Option and Share Class as of December 19, 2016		
Share Class	Ticker Symbol	Net Expense Ratio	Share Class	Ticker Symbol	Net Expense Ratio
Vanguard Extended Market Index Fund Institutional Shares	VIEIX	0.07%	Vanguard Extended Market Index Fund Institutional Plus Shares	VEMPX	0.05%
Vanguard FTSE Social Index Fund Investor Shares	VFTSX	0.25%	Vanguard FTSE Social Index Fund Institutional Shares	VFTNX	0.15%
Vanguard Institutional Index Fund Institutional Shares	VINIX	0.04%	Vanguard Institutional Index Fund Institutional Plus Shares	VIIIX	0.02%

Mutual Fund Share Class Changes for TIAA Participants

After market close on December 19, 2016, the 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) and UNC 457(b) Plans.

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

Current Investment Option and Share Class			New Investment Option and Share Class as of December 19, 2016		
Share Class	Ticker Symbol	Net Expense Ratio	Share Class	Ticker Symbol	Net Expense Ratio
Goldman Sachs Small Cap Value Fund Institutional	GSSIX	0.94%	Goldman Sachs Small Cap Value Fund R6	GSSUX	0.92%
John Hancock Disciplined Value Fund R5	JDVVX	0.77%	John Hancock Disciplined Value Fund R6	JDVWX	0.70%
T-Rowe Price International Discovery Fund	PRIDX	1.20%	T-Rowe Price International Discovery Fund I	TIDDX	1.08%
Vanguard Institutional Index Fund Institutional	VINIX	0.04%	Vanguard Institutional Index Fund Institutional Plus	VIIIX	0.02%

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 December 19, 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 4th quarter 2016 statement.

TIAA Adding a New Investment Option

The Vanguard Federal Money Market Fund (VMFXX) will be added as an additional money market option in the UNC-sponsored retirement programs on December 19, 2016. The CREF Money Market Account will continue to be offered in the programs as well.

Participants Who Invest in the Tier 2: UNC Risk-based Model Portfolios

If you currently invest in the Tier 2: UNC Risk-based Model Portfolios in any of the UNC-sponsored retirement programs, your existing account balance and future contributions to the CREF Money Market Account will be automatically transferred to the Vanguard Federal Money Market Fund as of 4:00 p.m. ET on December 19, 2016.

Participants Who Invest in the CREF Money Market Fund as part of the Tier 3: Core Lineup

If you currently have assets in the CREF Money Market Account under Tier 3 in any of the UNC-sponsored retirement programs, these assets will **not** be automatically transferred to the Vanguard Federal Money Market Fund. You will need to contact TIAA directly if you want to move these funds. However, your future contributions to the CREF Money Market Account will be automatically directed to the Vanguard Federal Money Market Fund as of 4:00 p.m. ET on December 19, 2016.

Investment Advisor Fees

Effective January 1, 2017, the Registered Investment Advisor fees under both Fidelity Investments and TIAA will be capped at 1.25% of assets. This limit applies to the UNC 403(b) and the UNC 457(b) Plans only.

Questions?

For more information on UNC's retirement programs, visit the [UNC Retirement Programs](#) website, where you'll find investment details, brochures, helpful videos and the Retirement Program Comparison tool. You may also contact your HR Benefits representative.

And, remember, you can change your contribution allocation and current balance asset allocation at any time. If you have any questions about your investment options, contact your retirement vendor or CAPTRUST:

TIAA

- By phone: **800-842-2252**, Monday through Friday, 8:00 a.m. to 10:00 p.m., ET and Saturday, 9:00 a.m. to 6:00 p.m., ET.
- Online: www.TIAA.com/UNC

Fidelity

- By phone: **800-642-7131**, Monday through Friday, 8:00 a.m. – 12:00 midnight.
- Online: <https://nb.fidelity.com/public/nb/unc/home>

CAPTRUST

- By phone: **800-967-9948**, Monday through Thursday, 8:30 a.m. – 5:30 p.m., ET and Friday, 8:30 a.m. – 4:30 p.m., ET.
- Online: www.captrustadvice.com