



## Memorandum

**To:** Chief Financial/Business Officers

**From:** Brian Usischon, Senior Associate Vice President for Human Resources

**Date:** May 14, 2019

**Subject:** UNC OPTIONAL RETIREMENT PROGRAM FORFEITURES

*Brian M. Usischon*

In 2012, the NC General Assembly passed Session Law 2012-142 (HB 950), which contained a provision to align the use of UNC's Optional Retirement Program(ORP) forfeitures in ways that are consistent with Section 401(a) of the Internal Revenue Code: "no part of the corpus or income of the ORP, or any trust established under that Program, may be (within the taxable year or thereafter) used for purposes other than for the exclusive benefit of participants and their beneficiaries, except that contributions made under a good faith mistake of fact may be returned, consistent with the rules adopted by the University."

Forfeitures are plan assets created by participants who have "not vested" in the plan. Participants who separate from employment before vesting "forfeit" their employer contributions/earnings (though they maintain their own contributions/earnings). The Internal Revenue Code and relevant IRS guidance provide that such forfeitures may be directed in appropriate ways, such as to:

- Reduce future employer contributions, or
- Pay reasonable plan expenses.

Plan forfeitures derived from each institution's participants from January 1, 2018 through December 31, 2018 have now been allocated (see Attachment A). The University will be using forfeitures accumulated for calendar year 2018 to reduce each institution's future employer contributions to the plan in calendar year 2019. A portion of the ORP forfeitures for each institution has been allocated for UNC System HR Office Operations. Plan forfeitures must be utilized as soon as reasonably possible after the close of the ORP Plan Year (12/31).

Plan forfeitures will be held in an account with TIAA. You can access the forfeiture money allocated to your institution beginning with your May 2019 EMPLOYER contributions to TIAA. To access the forfeiture money for your institution, you will offset your EMPLOYER contribution payment to TIAA by the amount of forfeiture funds allocated to your institution (Attachment A). If the amount sent to TIAA in a normal month is greater than the allocated amount, you can offset the entire amount in that month and only pay the difference. If not, you can accomplish this over two or more months. The money that would have been remitted to TIAA, but for the availability of these forfeitures, should instead be directed into an appropriate account within your University.

If you have any questions, please call me at 919-962-4530.

**Cc:** University Budget Officers  
Chief Human Resource Officers  
Clinton Carter, Senior Vice President for Finance & Administration & CFO  
Matthew Brody, Vice President for Human Resources  
Ashley Nicklis, Assistant Vice President of University Benefits  
Elsie Sanchez-White, Retirement Plan Director

## Attachment A

**UNC Optional Retirement Program  
Plan Forfeitures  
January 1, 2018 through December 31, 2018**

<b>INSTITUTION</b>	<b>AMOUNT</b>
Appalachian State University	\$ 386,394.20
East Carolina University	\$ 1,091,795.34
Elizabeth City State University	\$ 23,480.04
Fayetteville State University	\$ 33,717.49
North Carolina A&T State University	\$ 127,031.57
North Carolina Central University	\$ 122,864.85
North Carolina School of Science and Math	\$ 1,903.72
North Carolina State University	\$ 1,364,683.02
UNC Health Care	\$ 423,078.06
UNC System Office	\$ 768,566.00
University of North Carolina at Asheville	\$ 276,431.65
University of North Carolina at Chapel Hill	\$ 1,126,831.18
University of North Carolina at Charlotte	\$ 544,443.18
University of North Carolina at Greensboro	\$ 278,968.07
University of North Carolina at Pembroke	\$ 98,654.18
University of North Carolina School of the Arts	\$ 28,869.04
University of North Carolina Wilmington	\$ 194,948.01
Western Carolina University	\$ 251,497.64
Winston Salem State University	\$ 102,400.28
<b>TOTAL</b>	<b>\$ 7,246,557.51</b>