



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

OPTIONAL RETIREMENT PROGRAM OF THE UNIVERSITY OF NORTH CAROLINA DISCLOSURE NOTICE & INSTRUCTIONS FOR FORM ORP-3

As a participant in the Optional Retirement Program (ORP) of The University of North Carolina (UNC or The University) your benefit is funded by contributions made by both you and The University. Your contributions are deducted from your paycheck on a pre-tax basis (before federal and state taxes). The University contributions are also made on a pre-tax basis. This means that you are not taxed on contributions and their investment earnings until you begin receiving payments from the plan. Contributions to the ORP end when you are no longer employed.

Money taken from the plan is called a “distribution.” This includes receiving benefits when you retire, or receiving the value of your plan account if you end your employment with The University before you retire. The ORP is intended to provide you with income after you retire. You may not withdraw money from the plan while you are employed by The University. You may elect to receive a distribution from the vested portion of your ORP account when you retire or when you leave employment with The University.

When you leave The University you must complete the *Optional Retirement Program of the University of North Carolina Acknowledgement of Participation* form (FORM ORP-3), regardless of whether or not you take a distribution from the plan. For information about distribution options and to obtain the necessary forms to begin receiving a benefit, please contact your retirement vendor (Fidelity, Lincoln, TIAA-CREF and/or VALIC).

Please read this notice and the instructions that follow to help you complete FORM ORP-3. If you have any questions about Form ORP-3, please contact a Human Resources-Benefits Representative at your UNC System institution.

UNC OPTIONAL RETIREMENT PROGRAM VESTING REQUIREMENTS

Being “vested” means you have a non-forfeitable right to the ownership of your plan benefits, even if you leave employment with The University. You are always 100% vested in your contributions to the plan, as well as their investment earnings. You are 100% vested in the University’s contributions and their earnings after five (5) years of participating in the ORP. In addition, some special vesting rules apply:

- You become 100% vested in The University’s contributions and their earnings upon your death. This means that if you die before retirement while still actively employed with The University, your beneficiary is entitled to the full value of your retirement benefit, including University contributions and their earnings, even if you had fewer than five years of participation in the ORP.
- If you leave The University, your participation in the Teachers’ and State Employees’ Retirement System (TSERS), the Local Governmental Employees’ Retirement System (LGERS) and/or the Consolidated Judicial Retirement System (CJRS) prior to the ORP, as well as your participation in the ORP itself, will count toward the ORP’s five-year participation requirement for vesting.
- If you leave employment with The University before completing five years of participation in the ORP, and within 12 months of your termination of employment you continue participation in a “like retirement plan” (i.e. the primary retirement plan of another institution of higher education or health care), and the plan is underwritten by one of the four retirement vendors currently underwriting the ORP, then The University will vest you in the value of the University contributions and their earnings.

“Like Retirement Plan” means a retirement plan of an institution, organization or system of higher education or health care, including without limitation, schools which are part of the National Consortium for Specialized Secondary Schools of Mathematics, Science and Technology, in each case in which the individual participates through one or more annuity contracts of an insurance company, or through the purchase of one or more investment funds of a plan approved mutual fund company, with whom the individual participated in the UNC ORP, or which they could have participated in had participation continued in the UNC ORP.

NORTH CAROLINA STATE INCOME TAX EXEMPTION

If you were enrolled in the UNC ORP on or before August 12, 1989, your UNC ORP retirement benefits are exempt from North Carolina State income tax. If you withdraw, transfer or rollover ALL of your UNC ORP contributions to an IRA or another employer’s retirement plan, you will forfeit your right to this exemption.

STATE HEALTH PLAN OF NORTH CAROLINA RETIREE GROUP HEALTH COVERAGE

Vested participants in the UNC ORP **may be** eligible to continue group health insurance coverage as a retiree under the State Health Plan. To be eligible for group health insurance you must be receiving a monthly retirement benefit under the UNC ORP. If you withdraw, transfer or roll over ALL of your UNC ORP contributions to an IRA or another employer’s retirement plan, you will forfeit your right to the State’s retiree group health plan coverage.

Upon retirement, you may enroll in the State of North Carolina’s Retiree Group Health Plan with coverage to become effective on the first day of the month following the commencement of your monthly UNC ORP benefit. You will be eligible for full coverage if you were first employed with the State of North Carolina prior to October 1, 2006 and had five or more years of contributory retirement service. If you were hired on or after October 1, 2006, you must retire with 20 or more years of retirement service credit to be eligible for a non-contributory health care benefit. If you have at least five years of retirement service credit, but less than 20, you may be eligible for coverage by paying a higher percentage of the premiums. In all cases, if coverage is elected for your dependents, you must pay the full cost of dependent coverage.

INSTRUCTIONS FOR COMPLETING FORM ORP-3

SECTION A (EMPLOYEE DATA) & SECTION B (RETIREMENT PLAN PARTICIPATION) - Please complete all information in Section A and Section B. You may use approximate dates (month and year) if the exact dates are unknown.

SECTION C (REASON FOR TERMINATION) - Select **ONE** of the options under this section as it applies to your personal circumstance. Please read the description for each to determine which box to check:

- **Transfer to Another UNC System Institution** – If you are transferring to another institution within the UNC System, select this box and indicate the institution to which you are transferring and your anticipated start date at that institution. Please keep in mind that when transferring from one UNC System institution to another, your election to participate in the UNC-ORP is irrevocable, therefore you must re-enroll in the ORP at your new employing UNC System institution.
- **Continuing Participation in a “Like” Retirement Plan at Another Institution** - If you are/will be employed at another (non-UNC System) institution of higher education or healthcare, including without limitation, schools which are part of the National Consortium for Specialized Secondary Schools of Mathematics, Science and Technology, select this box and indicate the name, anticipated start date, and mailing address for the Human Resources Department of your new institution of employment (subsequent employer).

If you select this box, we will validate your retirement plan participation to determine your vesting status. If you are vested, you will receive an acknowledgement of your vested status from The University.

If you are leaving employment with UNC with less than five years of active participation in the UNC ORP, and will continue participating in a primary retirement plan with your subsequent employer, then your UNC ORP account **may be eligible** for vesting under the terms of the plan. Your subsequent employer's primary retirement plan must use the accounts of vendors to which you could have contributed to under the UNC ORP, or could have contributed

had you remained a participant in the UNC ORP. You must enroll your subsequent employer's primary retirement plan within 12 months of employment or following any enrollment waiting period as dictated by your subsequent employer, not to exceed 36 months. If you fail to timely enroll in your subsequent employer's primary retirement plan, you will not be considered vested in the UNC ORP and shall forfeit the contributions made on your behalf by the University, adjusted for investment experience of such contributions and for applicable charges, in accordance with the ORP plan document. You are renouncing forever any and all claim or right to such University contributions to your UNC ORP account(s).

- **Delayed Notification of Enrollment in a "Like" Retirement Plan** – if you are leaving The University and have not yet secured subsequent employment, select this box.

If you select this box, we will validate your retirement plan participation (Section B) to determine your vesting status. If you are vested, you will receive an acknowledgement of your vested status from The University.

If your retirement plan participation with The University is less than five years, it is your responsibility to notify The University in writing (at UNC System Office, P.O. Box 2688, Chapel Hill, NC 27515-2688) at such time as you have enrolled in a retirement plan that meets the vesting requirements of the ORP. Failure to notify The University within 12 months after your termination of employment, shall permit The University to proceed with the forfeiture of your UNC ORP account(s) contributions, made on your behalf by The University, adjusted for investment experience of such contributions and for applicable charges, pursuant to law. You are renouncing forever any and all claim or right to such University contributions to your UNC ORP account(s).

If you are employed by an organization that is NOT an institution of higher education or health care within this 12 month period, the contributions made on your behalf by The University, adjusted for investment experience of such contributions and for applicable charges, shall be forfeited pursuant to law. You are renouncing forever any and all claim or right to such University contributions to your UNC ORP account(s).

- **Not Continuing Participation in a "Like" Retirement Plan** – If you are/will be employed by an organization that is NOT an institution of higher education or health care, or if you will remain unemployed or employed in a non-benefits eligible position, select this box and indicate your affirmation of participation.

If you select this box, we will validate your retirement plan participation (Section B) to determine your vesting status. If you are vested, you will receive an acknowledgement of your vested status from The University.

If your retirement plan participation with The University is less than five years, the contributions made on your behalf by the University, adjusted for investment experience of such contributions and for applicable charges, shall be forfeited pursuant to law. You are renouncing forever any and all claim or right to such University contributions to your UNC ORP account(s).

- **Retirement/Retiree Health Insurance** - If you are retiring (or previously retired) from The University, select this box and indicate your retirement effective date and affirmation of your interest in enrolling in the State Health Plan of North Carolina Retiree Group Health Coverage.

ORP PARTICIPATION AND ACKNOWLEDGEMENT – Read the acknowledgement and sign and date the form.

SUBMIT THE FORM - Return your completed Form ORP-3 to the Human Resources-Benefits Office of the institution where your employment has ended.

**OPTIONAL RETIREMENT PROGRAM OF THE UNIVERSITY OF NORTH CAROLINA
ACKNOWLEDGEMENT OF PARTICIPATION**

**FORM
ORP-3**

SECTION A. EMPLOYEE DATA				
FIRST NAME	MI	LAST NAME		
MAILING ADDRESS				EMPLOYEE ID
CITY	STATE	ZIP CODE	TELEPHONE NO.	EMAIL ADDRESS
EMPLOYER (UNC SYSTEM INSTITUTION)			EMPLOYMENT TERMINATION DATE	

SECTION B. RETIREMENT PLAN PARTICIPATION	
UNC ORP PARTICIPATION (SELECT ALL THAT APPLY) <input type="checkbox"/> FIDELITY <input type="checkbox"/> LINCOLN <input type="checkbox"/> TIAA-CREF <input type="checkbox"/> VALIC	DATES OF UNC ORP PARTICIPATION FROM _____ TO _____
OTHER NORTH CAROLINA RETIREMENT PLAN MEMBERSHIP <input type="checkbox"/> TSERS <input type="checkbox"/> LGERS <input type="checkbox"/> CJRS	DATES OF OTHER NORTH CAROLINA RETIREMENT PLAN MEMBERSHIP FROM _____ TO _____

SECTION C. REASON FOR TERMINATION **PLEASE READ SECTION C INSTRUCTIONS**

TRANSFER TO ANOTHER UNC SYSTEM INSTITUTION
 NAME OF NEW UNC SYSTEM INSTITUTION: _____
 EMPLOYMENT EFFECTIVE DATE: _____

CONTINUING PARTICIPATION IN A "LIKE" RETIREMENT PLAN AT THE FOLLOWING INSTITUTION
 NAME OF NEW INSTITUTION: _____
 EMPLOYMENT EFFECTIVE DATE: _____
 HUMAN RESOURCES MAILING ADDRESS: _____

"Like" Retirement Plan means a defined contribution retirement plan of an institution, organization or system of higher education or health care, including without limitation, schools which are part of the National Consortium for Specialized Secondary Schools of Mathematics, Science and Technology. See instructions for full definition.

DELAYED NOTIFICATION OF ENROLLMENT IN A "LIKE" RETIREMENT PLAN
 Participants may delay notification of enrollment in a "like" retirement plan for up to twelve (12) months from the above termination date.

NOT CONTINUING PARTICIPATION IN A "LIKE" RETIREMENT PLAN
 I have five (5) years or more of ORP contributory service. Yes No

RETIREMENT / RETIREE HEALTH INSURANCE (SELECT ONE)
 Vested participants in the UNC ORP may be eligible to continue group health insurance coverage as a retiree under the State Health Plan of North Carolina (SHPNC). To be eligible for group health insurance you must be receiving a monthly retirement benefit under the UNC ORP. *If you withdraw, transfer or roll over your UNC ORP contributions to an IRA or another employer's retirement plan, you will forfeit your right to the State's retiree group health plan coverage.*

I am retiring effective _____ and
 I would like to enroll in SHPNC retiree health insurance. Yes Not at this time

I previously retired as of _____ and I would now like to enroll in SHPNC retiree health insurance
 with a requested coverage effective date of _____ .

ORP PARTICIPANT AUTHORIZATION AND ACKNOWLEDGEMENT

I acknowledge that I have read the UNC Optional Retirement Program Disclosure Notice and understand that if I am deemed "not vested" in the University contribution, I forfeit all rights to the University portion in my UNC ORP account and the portion of my account that represents my contributions may be retained in the insurance/mutual fund contract or withdrawn/rolled over to me as permitted by such contract.

PARTICIPANT SIGNATURE: _____

DATE: _____