Dear ORP Participant,

While employed with the University, you were enrolled in various benefits plans. The following information is specific to your participation in the Optional Retirement Program (ORP).

If you have completed five years of participation in the ORP, or if, at another institution or agency of higher education, you will continue your participation in a "like" retirement plan as your core retirement plan (with Lincoln National, Fidelity, TIAA-CREF or Valic), you are considered fully vested and the contributions which the University has made to your ORP account on your behalf will not be repurchased.

If you have not completed five years of participation in the ORP and you will not be participating at another institution or agency of higher education, in a "like" retirement plan as your core retirement plan (with Lincoln National, TIAA-CREF or AIG), then North Carolina law requires that the University's contributions on your behalf be refunded to The University of North Carolina, for transmittal to the North Carolina Teachers' and State Employees' Retirement System. You are entitled to either a refund of your contributions, or they may be retained in your account.*

*Note: An ORP participant is not eligible to make a lump sum withdrawal of the employee contributions from his/her TIAA-CREF account if these contributions exceed $2,000. If contributions exceed $2,000, they can be paid out only in equal installments over a 10-year fixed period.

If you request a refund of your contributions, 20 percent of the taxable portion of your refund will be withheld for federal income tax purposes. In addition, a 10 percent penalty charge will be imposed by the Internal Revenue Service on the taxable portion of the refund withdrawn prior to death, disability, or to attaining age 59-1/2. The amount of the refund subject to State income tax is the amount of the refund on which federal income tax must be paid, less a $4,000 exclusion. Alternatively, you can defer the income tax and avoid the excise tax by directly transferring the taxable portion of your contributions to an Individual Retirement Arrangement (IRA), or to another qualified retirement plan that will accept the transfer. You should consult your accountant, attorney, or other financial counselor with regard to tax treatment on these distributions.

If you have not completed five years of participation in the ORP but expect to enroll in a core retirement plan of a subsequent institution or agency of higher education, and if the subsequent employer's plan is a "like" retirement plan with Lincoln National, Fidelity, TIAA-CREF or Valic, you may elect to delay notification about your enrollment for up to 12 months following your termination from the University. If you do not notify the University of your enrollment in a "like" plan, in writing, within 30 days following the 12 month period, the University will proceed with the repurchase of the University's contributions.
Any employee hired on or after October 1, 2006 is still vested for the purposes of a retirement benefit after 5 years of creditable service, but the criteria for continuation of health insurance has changed. Employees hired on or after October 1, 2006 must complete 10 years of creditable service in order for the retirement system to pay for ½ your health insurance benefits upon retirement and 20 years of creditable service to have your retiree health insurance paid for in its entirety. If you withdraw or transfer your contributions from this account, you forfeit this benefit.

Contact the Benefits Office to obtain an ORP-3, *UNC ORP Acknowledgment for Disposition of Account Contributions* form. Please complete the appropriate sections and return the form to: Benefits Office, Department of Human Resource Services, The University of North Carolina at Greensboro, P.O. Box 26170, Greensboro, North Carolina 27402-6170.

If you have any additional questions, please contact your Optional Retirement Vendor.