



January 2024

# The University of North Carolina System

## 403(b) Plan Universal Availability Notice for 2024

The University of North Carolina System (“UNC System”) offers a choice of voluntary supplemental retirement programs so employees can save additional amounts for retirement. Under the UNC System 403(b) Plan (“the 403(b) Plan”), eligible employees may elect to defer a portion of their compensation to the 403(b) Plan on a pre-tax or post-tax (Roth) basis.

The 403(b) Plan is designed to help you invest more money today so that you have the income you need in your retirement years. It supplements the Optional Retirement Program of the University of North Carolina and the N.C. Teachers’ and State Employees’ Retirement System, the State’s mandatory retirement plans available to permanent employees working 30 or more hours per week. Even employees not eligible for one of the mandatory retirement plans may be able to make voluntary contributions to the 403(b) Plan.

### ELIGIBILITY

All employees, other than UNC Health Care System employees, who receive compensation reportable on a Form W-2 and pay FICA (Social Security) tax are eligible to participate in the 403(b) Plan, so long as the employee elects to contribute at least \$200 each calendar year.

### CONTRIBUTIONS

An eligible employee may elect to defer a portion of his or her compensation on a pre-tax or post-tax (Roth) basis.

*Pre-tax Contributions:* Both federal and state income taxes are deferred on the contributions and any earnings until distributed from the Plan. Distributions are taxable as ordinary income for federal and state income tax purposes. Generally, a participant must begin receiving a distribution by April 1 following the year in which they turn age 73 or terminate employment with the UNC System, whichever is later.

*Roth (After-tax) Contributions:* Roth contributions are included in your gross income and subject to federal and state income taxes when they are contributed to the Plan. However, these contributions are not taxed again at distribution. Moreover, any earnings on the contributions are not subject to federal and state income taxes upon distribution, as long as a five-year period has passed since Roth contributions were first made to the Plan and the distribution is a “qualified distribution.” A qualified distribution is a distribution (i) made on or after the date you turn age 59½, or (ii) made to your beneficiary or estate after your death, or (iii) made after you are totally and permanently disabled.

## CONTRIBUTION LIMITS

Annual contribution limits are set by the Internal Revenue Service (IRS). The IRS allows an eligible employee to make an additional catch-up contribution beginning in the year in which he or she turns age 50. For 2024, the calendar year limits under the 403(b) Plan are as follows:

**Calendar Year Annual Contribution Limit:** \$23,000

**Age 50+ Catch-up Contribution Limit:** \$7,500

**Note:** This is a combined limit for Pre-tax and Roth (After-tax) contributions. In addition, if you also participate in the State of North Carolina 401(k) Plan, then your contributions to both the 403(b) Plan and the State's 401(k) Plan, combined, count toward the regular and catch-up contribution maximums.

## APPROVED VENDORS

In the fall of 2023, we announced that the UNC System would be moving from two approved vendors (TIAA and Fidelity) to a single provider (TIAA) for the University's retirement programs, including the 403(b) Plan. The transition to TIAA has begun and the vendor(s) you can use will depend on your enrollment date:

- **New 403(b) participants enrolling on or after September 1, 2023** will have their 403(b) contributions directed to TIAA.
- **403(b) participants enrolled prior to September 1, 2023** with an existing Fidelity account can continue to direct their 403(b) contributions to Fidelity until February 2024. In late February, all your future 403(b) contributions will be directed to a new TIAA account. And we expect your Fidelity 403(b) account balance will transfer to TIAA in April 2024.

Both TIAA and Fidelity offer a wide range of mutual fund investment options and annuity products through their own funds as well as other investment managers. Both companies offer resources and tools to help participants plan their investment strategy. Eligible employees should contact each vendor for information about plan investment options and services provided.

- **TIAA:** 800-842-2252
- **Fidelity Investments:** 877-862-4032

## ENROLLMENT PROCESS

Eligible employees may enroll immediately upon date of hire or at any time. To start the enrollment process, please visit the UNC 403(b) [website](#) and follow the steps listed:

- **Step 1:** Complete a Salary Reduction Agreement (SRA) (forms and instructions available on the website)
- **Step 2:** Enroll in the Plan and select investments with TIAA

Contributions may be designated as a percentage of salary or as a flat dollar amount depending on your campus payroll capability. The SRA will apply only to amounts earned after enrolling in the Plan, and an employee's election under the SRA will continue until the SRA is modified or revoked by the employee.

## **MODIFYING A DEFERRAL ELECTION**

An eligible employee may increase, decrease or stop his or her future contributions to the plan at any time by completing an SRA.

## **MORE INFORMATION**

If you have questions about the 403(b) Plan, please contact your University Benefits Administrator or visit the UNC 403(b) [website](#).

*This notice is provided as a source of information and does not constitute legal, tax or other professional advice. If legal advice, tax advice or other professional assistance is required, the services of a professional advisor should be sought. Every effort has been made to make this notice as thorough and accurate as possible. However, there are other legal documents, laws and regulations that govern the operation of the Program. It is understood that in the event of any conflict, the terms of the Plan Document, applicable law, and regulations will govern.*