

Changes in the UNC Optional Retirement Program Fund Lineup



The UNC Optional Retirement Program (ORP) Investment Advisory Committee, assisted by a national benefits consulting firm, has conducted its 2007-08 annual review of the ORP and made several recommendations that have been approved by the President of the University. **This is to inform you about these recommendations including the elimination of four funds and the addition of four replacement funds under the UNC ORP investment fund lineup.**

Funds to Be Eliminated

Below is a list of funds that will be removed from the ORP lineup of core investment funds, effective January 1, 2009. These four funds no longer meet the long-term, risk-adjusted performance objectives relative to their peer groups and benchmarks, as outlined in the University's Investment Policy Statement.

ORP Vendor	Asset Class	Funds to Be Closed
AIG (formerly VALIC)	Money Market	American Century Capital Preservation Money Market (CPFXX)
	Small Cap Value	Dreyfus Premier Small Cap Value I (DSVRX)
Fidelity	Small Cap Value	MainStay Small Cap Opportunity (MOPIX)
TIAA-CREF	Small Cap Blend	TIAA-CREF Small Cap Equity (TRSEX)

WHAT YOU NEED TO DO

If you are currently directing contributions to any of these funds, please be aware that these fund options will no longer be available after December 31, 2008. After this date, any contributions directed to these funds will be automatically invested in an age-appropriate default lifecycle fund until you change your election. Please visit the UNC ORP website (its URL is listed on the following page) to direct your future contributions among the available investment options.

Existing balances in these funds will not be affected; however, you may wish to review your investment strategy in light of these changes. Existing money invested in any of these funds may be transferred to any available core funds at any time. However, since these closed funds will no longer be included in the core investment fund lineup, you will not be able to transfer money from other investment funds into these closed funds after December 31, 2008. **As a result of the removal of these funds from the core investment lineup, the UNC ORP Investment Advisory Committee will no longer monitor the performance, objectives, and returns within these accounts.**

New Funds Available

The ORP Investment Advisory Committee has recommended the addition of four new funds to the ORP lineup, all of which meet the performance objectives in the UNC Investment Policy Statement. **These funds will become available July 1, 2008:**

ORP Carrier	Asset Class	Fund Name	Reason For Fund Addition
AIG (formerly VALIC)	Money Market	American Century Premium Money Market (TCRXX)	Above peer group median performance. The American Century Premium Money Market Fund has been selected as a replacement fund due to performance above its peer group median.
	Small Cap Value	Allianz NFJ Small Cap Value Admin (PVADX)	Outperformed peer group and benchmarks. This fund has outperformed its peer group and benchmark over a rolling 3-year period for 9 and 8 quarters respectively, out of the past 12 quarters. The fund replaces the Dreyfus Premier Small Cap Value I fund in the core lineup.
Fidelity	Small Cap Value	Allianz NFJ Small Cap Value Admin (PVADX)	Outperformed peer group and benchmarks. This fund has outperformed its peer group and benchmark over a rolling 3-year period for 9 and 8 quarters respectively, out of the past 12 quarters. The fund replaces the MainStay Small Cap Opportunity fund in the core lineup.
TIAA-CREF	Small Cap Blend	Pennsylvania Mutual Fund (PENNX)	Outperformed peer group and benchmarks. This fund has outperformed its benchmark and peer group median over rolling 3-year and 5-year periods for each of the 12 past quarters. The fund replaces the TIAA-CREF Small Cap Equity fund in the core lineup.

While the investment objectives of the new funds are similar to those of the funds they are replacing, we encourage you to review the revised fund lineup and consider how the new funds might affect your investment strategy. For your long-term retirement security, you should give careful consideration to the importance of a well-balanced and diversified investment portfolio, taking into account all your assets, income, and investments.

Before contributing to any investment fund option, please carefully consider the objectives, risks, charges, and expenses. To learn more about the investment funds offered through your investment carrier and how to redirect your future contributions, you may access your ORP carrier's dedicated website as follows:

- **AIG VALIC:** www.aigretirement.com/uncorp
- **Fidelity Investments:** www.mysavingsatwork.com/uncorp
- **Lincoln Financial Group:** www.lfg.com/unc
- **TIAA-CREF:** www.tiaa-cref.org/uncorp

You may also wish to visit the UNC system-wide benefits website for more detailed information about the ORP at: <http://www.northcarolina.edu/content.php/hr/benefits/retirement/orp/UnivWideORPMain.htm>.

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