

**THE UNIVERSITY OF NORTH CAROLINA  
VOLUNTARY SUPPLEMENTAL RETIREMENT PROGRAM COMPARISON**

TYPE OF INVESTMENT	TAX-SHELTERED ANNUITY 403(b)(1) CONTRACT	MUTUAL FUND 403(b)(7) CUSTODIAL ACCOUNT	N.C. 457(b) DEFERRED COMPENSATION PLAN	N.C. 401(k) PLAN
<b>Available Products</b>	Annuity Contracts (Fixed Accounts, Variable Accounts)	Fixed and Variable Accounts including publicly-traded Mutual Funds	-Fixed and Variable Accounts including 16 publicly-traded Mutual Funds and 1 co-mingled Trust. -Realty Investing is an optional asset allocation service available to participants.	-Stable Value Fund and 8 no load Mutual Funds -Roth 401(k) allows contributions to be made on an after-tax basis. -GoalMaker is a free and optional asset allocation tool available to help members with their investment decisions.
<b>Selection of Carriers</b>	Yes	Yes	One administrator, 23 funds available	One administrator, 9 funds available
<b>Ownership of Account</b>	Employee	Employee	Held in trust by the State of North Carolina exclusively for participants and their beneficiaries	Employee
<b>Minimum Contribution Limits</b>	\$200 per calendar year	Same as 403(b)(1)	\$20 per month	No minimum contribution required
<b>Annual Maximum Contribution Limits*</b>	The lesser of: 1. 100% of includible compensation or \$45,000 (indexed), if less. 2. \$15,500 (2007); thereafter, indexed in \$500 increments. (Special election for employees with 15 or more years of University service may expand \$15,500 limit by up to an additional \$3,000.)  Participants who are age 50 by the end of the plan year may defer an additional \$5,000 in 2007; thereafter, indexed in \$500 increments.	Same as 403(b)(1)	100% of taxable pay not to exceed \$15,500 (will increase the same as 403(b) deferral limit).  Participants who are age 50 by the end of the plan year may defer an additional \$5,000 in 2007; thereafter, indexed in \$500 increments.  As an alternative to the age 50 catch-up, a participant is eligible to defer up to twice the contribution limit in effect for the 3 years preceding the employee's normal retirement age, subject to eligibility.*	80% of gross pay not to exceed \$15,500 (will increase the same as 403(b) deferral limit.) NOTE: This same limit applies to Law Enforcement Officers.  Participants who are age 50 by the end of the plan year may defer an additional \$5,000 in 2007; thereafter, indexed in \$500 increments.
<b>Aggregation With Other Plans</b>	Yes. If both 403(b) and 401(k) plans are utilized, the amount of the contribution to both plans cannot exceed the 403(b) plan limit, assuming the 401(k) contribution amount does not exceed the 402(g) limit, (currently \$15,500 for 2007). The age 50 catch-up is a combined amount with 401(k).	Yes. Same as 403(b)(1).	No coordination required with 403(b) or 401(k) plans; is required with other 457(b) plans.	Yes. If 403(b) and 401(k) plans are utilized, the total of the two contributions cannot exceed the 403(b) limit, assuming the 401(k) contribution amount does not exceed the 402(g) limit (currently \$15,500 for 2007). The age 50 catch-up is a combined amount with 403(b)(1).
<b>Transfers Among Carriers While Actively Employed</b>	Yes, to another 403(b)(1) account or 403(b)(7) contract only.	Yes, to another 403(b)(1) account or 403(b)(7) contract only.	Not applicable while actively employed.	Not applicable while actively employed.
<b>Portability (i.e., transfers) for Terminated Employees</b>	Easily transferable to other non-profit employers. May permit use of same contract throughout career with non-profit employers.	Same as 403(b)(1)	(See "Distribution Options for Terminated Employees" below.)	May continue participation if employed with other North Carolina state or local governmental employers. (See "Distribution Options for Terminated Employees" below.)
<b>Loan Provision</b>	Yes, if carrier permits.	No, in most situations.	Yes	Yes

\*An annual calculation must be made for each individual situation.

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<b>Withdrawal Provisions</b>	For amounts accumulated since 1/1/89, elective contributions may be withdrawn under any of the following circumstances: <ul style="list-style-type: none"> <li>• Separation from employment</li> <li>• Death</li> <li>• Disability</li> <li>• Hardship (Must be an immediate and heavy financial need and the amount withdrawn cannot exceed an amount necessary to satisfy the need.) Limited to deferrals, no earnings.</li> <li>• Age 59 ½</li> </ul>	Same as 403(b)(1), except all contributions, salary reduction and non-salary reduction contributions are subject to these withdrawal restrictions, even those made before 1989.	<ul style="list-style-type: none"> <li>• Severance from State employment regardless of age</li> <li>• Death</li> <li>• Permanent Disability</li> <li>• Financial hardship (Sudden and unexpected emergency that no other source may satisfy, as approved by the Plan's Board of Trustees.)</li> </ul>	<ul style="list-style-type: none"> <li>• Retirement</li> <li>• Age 59 ½ and still employed</li> <li>• Permanent Disability as determined by the State Retirement System</li> <li>• Separation from employment at any age</li> <li>• Death</li> <li>• Financial Hardship (as defined by 401(k) Plan Document in accordance with Internal Revenue Code).</li> <li>• Purchase of allowable service credits with the State Retirement System.</li> </ul>
<b>Withdrawal Penalty</b>	<ul style="list-style-type: none"> <li>• Withdrawals at or after age 59 ½ are not subject to any penalty.</li> <li>• There is no penalty for withdrawals before age 59 ½ under the following circumstances; death; disability; early retirement under a plan after separation at age 55; separation from service at any age and selection of a life annuity option; or, if the withdrawal is necessary to meet deductible medical expenses.</li> <li>• Lump sum withdrawals made before age 59 ½ due to separation from service or hardship are subject to a penalty tax equal to 10% of the amount of distribution. This is in addition to ordinary income taxes due.</li> </ul>	Same as 403(b)(1)	No penalty under above provisions.	Same as 403(b)(1)
<b>Distribution Requirement</b>	Contributions and earnings received after 12/31/86 are subject to federal minimum distribution requirements. Participant must begin to receive distribution no later than April 1 <sup>st</sup> following the year in which age 70 ½ or retirement is attained, whichever is later. A 50% penalty tax will be levied on amounts that were not, but should have been distributed. Contributions made prior to 1/1/87 are subject to different rules.	Same as 403(b)(1)	Contributions and earnings received are subject to federal minimum distribution requirements. Participant must begin to receive distribution no later than April 1 <sup>st</sup> following the year in which age 70 ½ or retirement is attained, whichever is later. A 50% penalty tax will be levied on amounts that were not, but should have been distributed.	Same as 457 plan
<b>Distribution Options at Termination of Employment</b>	May receive distribution according to contract/account terms, or may rollover to another 403(b), 401(k), 457(b) plan, or to an IRA.	Same as 403(b)(1)	May receive distribution according to contract/account terms, or may be transferred to another employer 457 plan if that plan accepts the transfer. May rollover to a 403(b), 401(k) or IRA.	Flexible distribution options according to Plan Document, or may be rolled over to IRA or another 401(k), 403(b), 457, or other qualified retirement plans.

