

NORTH CAROLINA PUBLIC SCHOOL TEACHERS' AND PROFESSIONAL EDUCATORS' INVESTMENT PLAN

WHEREAS, the North Carolina Department of State Treasurer (the "Department") has established an approved third-party investment program, named the North Carolina Public School Teachers' and Professional Educators' Investment Plan (the "NC 403(b) Program"), which is designed to qualify under § 403(b) of the Internal Revenue Code of 1986;

WHEREAS, the NC 403(b) Program is governed and overseen by the Department and the North Carolina Supplemental Retirement Board of Trustees (the "Board");

WHEREAS, the Department and the Board maintain a Base Plan Document and an Adoption Agreement for the North Carolina Public School Teachers' and Professional Educators' Investment Plan 403(b) Volume Submitter Plan (collectively, the "Plan Documents"), which can be used by adopting employers in the NC 403(b) Program; and

WHEREAS, the Board desires to amend the Base Plan Document and the Adoption Agreement to change the default beneficiary, to make automatic enrollment consistent with the NC 401(k) and NC 457 Plans, and to provide employers the option of allowing participants to automatically increase their contribution rates;

NOW, THEREFORE, be it

RESOLVED, that, effective March 23, 2017, the Plan Documents be and hereby are amended in the following respects:

1. Section 7.2 (Designation of Beneficiary) of the Base Plan Document is amended as follows:

...

(b) ...

- (1) **Spousal Rights.** A Participant's default Beneficiary will be his or her ~~estate~~Spouse, if the Participant has a Spouse, unless the Spouse consents to a non-spouse Beneficiary in a manner described in Section 7.3, if applicable.

2. Appendix A – Definitions of the Base Plan Document is amended as follows:

"Beneficiary" means the person or persons designated by the Participant pursuant to the requirements set forth in Section 7.2. A Beneficiary designation shall only take effect once it is processed and put into effect by the Plan Administrator. In the absence of a written designation of a Beneficiary, the Beneficiary shall be the ~~surviving Spouse of the Participant, and if there is no surviving Spouse or domestic partner, then to the Participant's children, or, if none, to the Participant's estate.~~ A Beneficiary shall have no rights hereunder during the Participant's lifetime except as otherwise provided by law. If a Spouse is designated as a Beneficiary, a divorce

decree with respect to such Spouse will not automatically revoke the designation of such former spouse as a Beneficiary.

3. Section 2.6 (Distributions) of the Adoption Agreement is amended as follows:

c. *Spousal Consent.* Spousal consent is required in the following situations (check all that apply with the default rule being no consent is required if no election is made):

(1) ☐ Spousal consent is required to the selection of a distribution option other than that specified in Item 2.6(b).

(2) ☐ Spousal consent is required to designate a beneficiary for post-death benefit payments that is other than a

Participant's Spouse; provided that, the default beneficiary, regardless of spousal consent, is the Participant's estate, as provided in Section 7.2(b)(1) and Appendix A of the Base Plan Document.

4. The following Section 2.4.g (Automatic Increase Program) is added to the Adoption Agreement:

f. *Automatic Increase Program.* A Participant ☐ may/☐ may not elect to automatically increase his rate of Elective Deferral Contributions and/or Roth Elective Deferral Contributions. If the Participant fails to specify in his election which deferral type is to be increased, the increase is limited only to Elective Deferral Contributions. If the Participant elects to automatically increase his rate of Elective Deferral Contributions and/or Roth Elective Deferral Contributions, then such contribution(s) will increase annually by one percentage point up to a maximum rate of 8% as soon as administratively possible each year following the date selected by the Participant or, if no date is selected by the Participant, August 1.

5. Section 2.4(a) (Automatic Enrollment) of the Base Plan Document is amended as follows:

(a) **General Rule.** If automatic enrollment is authorized by the North Carolina General Assembly and is elected in the Adoption Agreement and except as provided in Section 2.4(c) below, if an Eligible Employee has not completed the actions to commence participation in the Plan under Section 2.1(b), such Eligible Employee is deemed to have elected to become an Active Participant and filed a Contribution Agreement. The Participant will be deemed to have elected to defer a set percentage of his Benefitable Compensation to the Plan, in the percentage established by the North Carolina General Assembly and as set forth in procedures of the Program Administrator. An Eligible Employee will have a reasonable period of time, as established by the Primary Administrator, after

receipt of any notice required by the Code, Treasury Regulations, and other applicable guidance, to make an affirmative election regarding Elective Deferral Contributions and/or Roth Elective Deferral Contributions before the deemed election to make such contributions shall become effective.

6. Section 2.2.b (Automatic Enrollment) of the Adoption Agreement is deleted in its entirety and replaced with the following:
 - b. *Automatic Enrollment.* Automatic enrollment, as described in Section 2.4 of the Base Plan Document, ☐ shall/☐ shall not apply.