



September 2017

Dear Island Savings Plan Participant:

Re: FUND CHANGE #1—REPLACEMENT OF THE PIMCO TOTAL RETURN INSTITUTIONAL

The Board of Trustees (“**Board**”) of the State of Hawaii Deferred Compensation Plan (aka the Island Savings Plan or “**Plan**”) voted to terminate the PIMCO Total Return Institutional because of the significant impact of the organizational changes on the PIMCO Total Return Institutional. The Board will be replacing this fund with a fixed income fund, the **BlackRock Total Return Bond Fund F** (“**Fund F**”), a collective investment trust managed by BlackRock Institutional Trust Company, N.A.

Their gross expense ratios are as follows:

Old Fund Name	New Fund Name	Old Gross Expense Ratio	New Gross Expense Ratio
PIMCO Total Return Institutional*	BlackRock Total Return Bond Fund F	0.47%	0.19%

*Retail mutual fund

The Fund F Fund Fact Sheet will be available for viewing on the Plan’s website at:

prudential.com/islandsavings under the “Investments” section. You may also request a copy of the Fund Fact Sheet by contacting the local Island Savings Plan office by calling **888-71-ALOHA** (888-712-5642) and selecting “2,” Monday through Friday, 8:00 a.m. to 5:00 p.m. HST, and Saturday, 8:00 a.m. to 12:00 p.m. HST (except on stock market holidays).

Transition Date

On **October 12, 2017**, all participant balances in the PIMCO Total Return Institutional will be automatically transitioned to the **Fund F**, at no cost to participants, unless a participant elects otherwise. Participants may begin trading in the **Fund F** on the next day.

Your Options

1. If you would like your existing balance in the PIMCO Total Return Institutional to be automatically transferred to the **Fund F**, you do not have to do anything. On **October 13, 2017**, you will automatically have a balance in the **Fund F**.
2. If you do not want your existing balance in the PIMCO Total Return Institutional to be automatically transferred to the **Fund F**, you may transfer funds out of the PIMCO Total Return Institutional to any of the Plan’s other investment options; provided that this is done prior to 10:00 am HST/4:00 pm ET on **October 12, 2017**.

Changes within the Plan’s Lifecycle Portfolios, if applicable to you

The Plan’s Lifecycle Portfolios will be affected by the fund change. The Plan offers the Lifecycle Portfolios which are premixed portfolios that are made up of a combination of the Plan’s existing Core Investment Options. This age-based asset allocation approach to retirement planning is available at no additional cost. The applicable fund change will be made automatically, and there is nothing that you need to do.

For more information on this service, please go to prudential.com/islandsavings, or call the Plan’s toll-free Information Line at **888-71-ALOHA** (888-712-5642).

Changes within the Plan’s GoalMaker Tool

The Plan’s asset allocation program, GoalMaker®, will also be affected by the fund change; however, the percentages for each category in the model portfolios will not change. The applicable fund change will be made automatically, and there is nothing that you need to do.

For more information, including the percentages for each category within the GoalMaker model portfolios, please go to prudential.com/islandsavings and access the “Investments” section.

GoalMaker helps you target investment options based on your investor style—conservative, moderate or aggressive—and your years to retirement. Using the investment options offered through the Plan, GoalMaker offers 12 model portfolios—one of which could fit your investment style.

Changes within the Plan’s Managed by Morningstar service, if applicable to you

The Plan’s asset allocation managed account program, Managed by Morningstar, may be affected by the fund change. The Plan offers a Managed Accounts service provided by Morningstar for participants who want someone else, a professional manager, to manage their Plan account. This very personal approach to retirement planning is available for an additional fee. The Managed by Morningstar service is offered at 0.35% of your account balance (i.e., 35 basis points), where applicable. Fees are charged quarterly. The applicable fund change will be made automatically, and there is nothing that you need to do.

For more information on this service, please go to prudential.com/islandsavings, or call the Plan’s toll-free Information Line at **888-71-ALOHA** (888-712-5642).

FUND CHANGE #2—FEE REDUCTIONS FOR THE BLACKROCK INDEX OPTIONS

BlackRock also currently manages the index options for the Plan. The Board of Trustees is pleased to announce that BlackRock will reduce its collective investment trust index option fees, as shown below:

Fund Name	Old Gross Expense Ratio	New Gross Expense Ratio
BlackRock US Bond Index	0.07%	0.04%
BlackRock US Large Cap Index	0.04%	0.01%*
BlackRock US Small/Mid Cap Index	0.07%	0.04%
BlackRock Non-US Equity Index	0.11%	0.11%

There is no action you need to take to take advantage of these reduced fees. These fee reductions are in effect retroactive to January 1, 2017.

*NOTE: For the purposes of this notice, the value of the administrative fees is rounded to two (2) decimals. The actual administrative costs are reported at 0.0031%; therefore, the actual total gross expense ratio would be 0.0131%.

Questions?

If you have any questions on these changes, please feel free to contact a local Plan Retirement Education Counselor by calling **888-71-ALOHA** (888-712-5642) and pressing “2.” They are available Monday through Friday, 8:00 a.m. to 5:00 p.m. HST, and Saturday, 8:00 a.m. to 12:00 p.m. HST (except on stock market holidays) to answer your questions.

Investors should consider the fund’s investment objectives, risks, charges and expenses before investing. The prospectus, and if available, the summary prospectus, contain complete information about the investment options available through your plan. Please call 877-778-2100 for a free prospectus, and if available, a summary prospectus that contain this and other information about our mutual funds. You should read the prospectus and the summary prospectus, if available, carefully before investing. You can lose money when investing in securities.

Securities products and services are offered through Prudential Investment Management Services LLC (PIMS), Newark, NJ, a Prudential Financial company. Prudential Retirement is a Prudential Financial Business.

BlackRock US Bond Index, BlackRock US Large Cap Index, BlackRock US Small/Mid Cap Index, BlackRock Non-US Equity Index are collective investment trusts maintained by BlackRock, Inc. BlackRock, Inc. is not affiliated with Prudential Financial or its affiliates. Collective Investment Trusts (CITs) are bank administered trusts, subject to regulation under applicable banking laws, that hold commingled assets that invest for a specific style, such as Growth. CITs are not registered with the Securities and Exchange Commission and available only to qualified retirement plans, such as 401(k) plans, or eligible government plans, and their participants.

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GoalMaker’s model allocations are based on generally accepted financial theories that take into account the historic returns of different asset classes. But, of course, past performance of any investment does not guarantee future results. Participants should consider their other assets, income and investments (e.g. equity in a home, Social Security benefits, individual retirement plan investments, etc.) in addition to their interest in the plan, to the extent those items are not taken into account in the model. Participants should also periodically reassess their GoalMaker investments to make sure their model portfolio continues to correspond to their changing attitudes and retirement time horizon.

Retirement Education Counselors are registered representatives of Prudential Investment Management Services LLC (PIMS). PIMS is a Prudential Financial company.

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