

IMPORTANT ANNOUNCEMENT ON ISLAND SAVINGS PLAN CHANGES

Effective April 1, 2019



Dear Island Savings Plan Participant:

The Board of Trustees of the State of Hawaii Deferred Compensation Plan (also known as the Island Savings Plan or the “Plan”) periodically reviews the investment options available in the Island Savings Plan to ensure the Plan continues to help you reach your retirement savings needs. After a recent review, the Board has voted to terminate the current Lifecycle Funds, effective April 1, 2019, and replace these funds with an institutional target retirement date fund series from The Vanguard Group (“Vanguard”). Vanguard will be providing its Vanguard Institutional Target Retirement Funds (“Vanguard Funds”). These funds consist of twelve (12) different funds based on an expected retirement date.

NO ACTION REQUIRED

If you would like your existing balance in a Lifecycle fund or fund(s) to be automatically transferred to one of the Vanguard Funds listed in the matrix, no action is required. On April 1, 2019, your current balance in the Lifecycle fund or fund(s) that you are invested in will automatically transfer to an equivalent fund within the Vanguard Institutional Target Retirement Fund series.

ACTION REQUIRED

If you do not want your existing balance in a Lifecycle fund(s) to be automatically transferred to one of the Vanguard Fund(s), you must transfer your balance to any of the Plan’s other investment options, **by 10 a.m. HST on April 1, 2019**. Or, if you are not currently invested in a Lifecycle fund and would like to move money into this new option, you may transfer money into the Vanguard Funds **on or after April 2, 2019**.

IF YOU ARE CURRENTLY INVESTED IN LIFECYCLE FUNDS

The new fund ticker symbols and expense ratios are noted below. There are more available “vintages” with the Vanguard Fund (available in five-year increments) than with the current Lifecycle Funds.

Old Fund Name	New Fund Name*	New Fund Ticker Symbol	Old Gross Expense Ratio	New Gross Expense Ratio
Lifecycle 2015 Portfolio	Vanguard Institutional Target Retirement 2015 Fund*	VITVX	0.38%	0.09%
N/A	Vanguard Institutional Target Retirement 2020 Fund*	VITWX	NA	0.09%
Lifecycle 2025 Portfolio	Vanguard Institutional Target Retirement 2025 Fund*	VRIVX	0.45%	0.09%
N/A	Vanguard Institutional Target Retirement 2030 Fund*	VTTWX	NA	0.09%
Lifecycle 2035 Portfolio	Vanguard Institutional Target Retirement 2035 Fund*	VITFX	0.51%	0.09%
N/A	Vanguard Institutional Target Retirement 2040 Fund*	VIRSX	NA	0.09%
Lifecycle 2045 Portfolio	Vanguard Institutional Target Retirement 2045 Fund*	VITLX	0.53%	0.09%
N/A	Vanguard Institutional Target Retirement 2050 Fund*	VTRLX	NA	0.09%
Lifecycle 2055 Portfolio	Vanguard Institutional Target Retirement 2055 Fund*	VIVLX	0.55%	0.09%
N/A	Vanguard Institutional Target Retirement 2060 Fund*	VILVX	NA	0.09%
N/A	Vanguard Institutional Target Retirement 2065 Fund*	VSXFX	NA	0.09%
Lifecycle Income Portfolio	Vanguard Institutional Target Retirement Income Fund*	VITRX	0.34%	0.09%

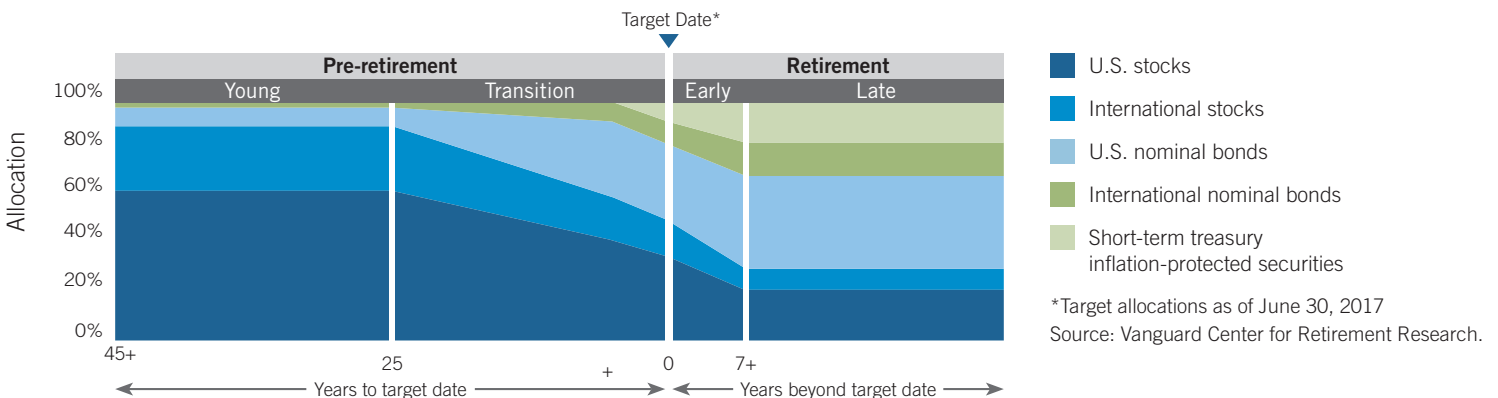
*Registered mutual funds.

About the Vanguard Target Retirement Funds

The Vanguard Funds offer the simplicity of a complete portfolio in a single investment. Each target-date investment is made up of several broadly diversified Vanguard funds. The investment strategy is built using four (4) or five (5) of Vanguard's broad-based index funds that cover all major worldwide asset classes. As the year in the investment's name draws near, its investment mix becomes more conservative. That way, a single target-date investment is meant to serve you throughout both your career and retirement. More information is available on the enclosed Vanguard Funds Fact Sheets.

How the Vanguard Funds work

- The year in the investment name is its target date, the approximate year in which an investor expects to retire and leave the workforce. A target-date investment will hold a higher proportion of stocks the further it is from its target date.
- To reduce risk as the target date approaches, the investment manager will gradually decrease its stock holdings and increase its bond holdings. Bonds usually have a lower risk of loss, though they also have lower potential gains than stocks.
- When the investment reaches its target date, you don't need to take your money out. The gradual move from stocks to bonds simply continues. Target-date investments are designed to keep your money invested appropriately throughout your retirement years.



The Vanguard Funds are a diversified solution that offers:

- Less risk through broad diversification, including exposure to major market sectors (e.g., healthcare, technology, etc.) and segments (e.g., the kinds of characteristics that a company is looking for).
- Professionally managed asset mix.
- Automatic rebalancing so the fund becomes more conservative the closer you get to retirement.
- Low costs.

QUESTIONS?

The Vanguard Fact Sheets are enclosed for your information. If you have questions on these changes, please speak with a local Plan Retirement Education Counselor by calling **888-71-ALOHA** (888-712-5642) and Pressing "2". Retirement Education Counselors are available weekdays, from 8:00 a.m. to 5:00 p.m. HST (except on stock market holidays), and on Saturdays from 8:00 a.m. to 12:00 p.m. HST to answer your questions.

All investing is subject to risk, including the possible loss of the money you invest. Investments in Target Retirement Funds are subject to the risks of their underlying funds. An investment in a Target Retirement Fund is not guaranteed at any time, including on or after the target date. Bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. Diversification does not ensure a profit or protect against a loss.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus and (if available) summary prospectus contain complete information about the investment options available through your plan.

Please call 888-712-5642 for a free prospectus and (if available) a summary prospectus containing this and other information about our mutual funds. You should read the prospectus and summary prospectus (if available) carefully before investing. It is possible to lose money by investing in securities.

Shares of registered mutual funds are offered through Prudential Investment Management Services LLC (PIMS), Newark, NJ, a Prudential Financial company.

The target-date is the approximate date when investors plan to retire and may begin withdrawing their money. The asset allocation of the target-date funds will become more conservative as the target-date approaches by lessening your equity exposure and increasing your exposure in fixed income investments. The principal value of an investment in a target-date fund is not guaranteed at any time, including the target-date. There is no guarantee that the fund will provide adequate retirement income.

A target-date fund should not be selected solely based on age or retirement date. Before investing, participants should carefully consider the fund's investment objectives, risks, charges and expenses, as well as their age, anticipated retirement date, risk tolerance, other investments owned, and planned withdrawals.

The stated asset allocation may be subject to change. It is possible to lose money in a target-date fund, including losses near and following retirement. Investments in the funds are not deposits or obligations of any bank and are not insured or guaranteed by any governmental agency or instrumentality. Shares of the registered mutual funds are offered through Prudential Investment Management Services LLC (PIMS), Newark, NJ, a Prudential Financial company. Prudential Retirement is a Prudential Financial business. Retirement Education Counselors are registered representatives of Prudential Investment Management Services LLC (PIMS).

Retirement products and services are provided by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT or its affiliates. PRIAC is a Prudential Financial company. Prudential Retirement is a Prudential Financial business.

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This material has been prepared by Vanguard Fiduciary Trust Company, which is not affiliated with Prudential Retirement. Prudential Retirement serves as recordkeeper for your plan, but does not make any representations as to the accuracy or completeness of the information contained in the fact sheet. This information is provided for informational purposes only and should not be considered a recommendation to buy or sell any security. Any performance data quoted represents past performance, and past performance does not guarantee future results. In general, the investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For additional information, please call Prudential Retirement 1-888-71-ALOHA.



Vanguard Institutional Target Retirement Funds

Balanced fund (stocks and bonds)

Investment objective

Vanguard Target Retirement Funds consist of twelve separate life-cycle funds that offer a simpler way for you to invest for retirement. Each fund is a multifund portfolio designed for a specific retirement time frame—you simply consider choosing the fund that most closely corresponds to the year in which you plan to retire. The fund's asset allocation will automatically adjust—both now and in the future—relying on Vanguard's investment strategies and extensive research. Each of the no-load, low-cost mutual funds invests in a diversified combination of underlying Vanguard funds, chosen from among five options (See Underlying funds). Through these underlying funds, you have a well-diversified portfolio that potentially offers exposure to small-, mid-, and large-cap domestic and international stocks, as well as domestic and international bonds. The asset mix gradually and automatically becomes more conservative, reducing the proportion invested in stocks, as you approach and enter retirement.

These funds seek to provide capital appreciation and current income consistent with their current asset allocations.

Underlying funds

- Vanguard Total Stock Market Index Fund seeks to track the performance of the entire U.S. stock market.
- Vanguard Total Bond Market II Index Fund seeks to track the performance of a broad, market-weighted bond index.
- Vanguard Total International Stock Index Fund seeks to track the performance of stocks from developed and emerging markets, excluding the United States.
- Vanguard Total International Bond Index Fund seeks to track the performance of a U.S. dollar hedged benchmark index that measures the investment return of investment-grade bonds issued outside of the United States.
- Vanguard Short-Term Inflation-Protected Securities Fund seeks to track the performance of a benchmark index that measures the investment return of inflation-protected public obligations of the U.S. Treasury with remaining maturities of less than five years.

Risk level					Target Retirement Fund	Ticker symbol	Acquired fees & expenses ¹	Fund asset allocation		
Low	← →			High				Stocks	Bonds	Short-term reserves
1	2	3	4	5	2065	VSXFX	0.09%	89.9%	10.0%	0.1%
1	2	3	4	5	2060	VILVX	0.09%	89.8%	10.0%	0.2%
1	2	3	4	5	2055	VIVLX	0.09%	89.8%	10.1%	0.1%
1	2	3	4	5	2050	VRTLX	0.09%	89.8%	10.2%	0.1%
1	2	3	4	5	2045	VITLX	0.09%	89.7%	10.2%	0.1%
1	2	3	4	5	2040	VIRSX	0.09%	84.4%	15.6%	0.0%
1	2	3	4	5	2035	VITFX	0.09%	76.9%	23.1%	0.0%
1	2	3	4	5	2030	VTTWX	0.09%	69.4%	30.6%	0.0%
1	2	3	4	5	2025	VRIVX	0.09%	61.9%	38.1%	0.0%
1	2	3	4	5	2020	VITWX	0.09%	52.6%	47.4%	0.0%
1	2	3	4	5	2015	VITVX	0.09%	39.4%	60.6%	0.0%
1	2	3	4	5	Income Fund	VITRX	0.09%	30.1%	69.9%	0.0%

Note: The funds listed in this fact sheet may not be available in all plans. Frequent trading policies may apply to those funds offered as investment options within your plan. Please review your plan materials or contact your plan service provider for additional information.

PlainTalk® about risk

Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Funds is not guaranteed at any time, including on or after the target date. Diversification does not ensure a profit or protect against a loss. An investment in these funds is subject to the price fluctuations inherent in the stock and bond markets, so you could lose money if you sell shares after prices have fallen.

Each fund invests in broadly diversified Vanguard funds. These funds are subject to the risks associated with those underlying funds. All funds are subject to risk, including the possible loss of the money you invest. Bond funds are subject to interest rate, credit, and inflation risk. Stocks of companies based in emerging markets are subject to national and regional political and economic risks and to the risk of currency fluctuations. These risks are especially high in emerging markets. Because the funds invest in Vanguard Total International Bond Index Fund, each is subject to currency hedging risk, which is the chance that currency hedging transactions may not perfectly offset the fund's foreign currency exposures and may eliminate any chance for a fund to benefit from favorable fluctuations in those currencies. Vanguard Total International Bond Index Fund will incur expenses to hedge its currency exposures. Because the funds invest in Vanguard Short-Term Inflation-Protected Securities Index Fund, each is subject to the risks associated with U.S. Treasury securities. U.S. government backing of Treasury or agency securities applies only to the underlying securities and does not prevent share-price fluctuations. Unlike stocks and bonds, U.S. Treasury bills are guaranteed as to the timely payment of principal and interest. Diversification does not ensure a profit or protect against a loss.

See the prospectuses for more information on risk.

¹ This figure represents a weighted average of the expense ratios and any fees charged by the underlying mutual funds in which the Target Retirement Funds invest. The Target Retirement Funds do not charge any expenses or fees of their own. "Acquired" is a term that the Securities and Exchange Commission applies to any mutual fund whose shares are owned by another fund.

Vanguard Institutional Target Retirement Funds

Balanced fund (stocks and bonds)

Average annual total returns¹

Funds (Inception date)	Periods ended December 31, 2018				
	Quarter	Year to date	One year	Three years	Since inception
Vanguard Institutional Target Retirement 2065 Fund (July 12, 2017)	-11.78%	-7.84%	-7.84%	—	0.58%
Target Retirement 2065 Composite Ix ²	-11.73%	-7.77%	-7.77%	—	0.65%
Vanguard Institutional Target Retirement 2060 Fund (June 26, 2015)	-11.80%	-7.88%	-7.88%	6.81%	4.01%
Target Retirement 2060 Composite Ix ²	-11.73%	-7.77%	-7.77%	6.95%	4.26%
Vanguard Institutional Target Retirement 2055 Fund (June 26, 2015)	-11.76%	-7.84%	-7.84%	6.84%	4.04%
Target Retirement 2055 Composite Ix ²	-11.73%	-7.77%	-7.77%	6.95%	4.26%
Vanguard Institutional Target Retirement 2050 Fund (June 26, 2015)	-11.79%	-7.87%	-7.87%	6.83%	4.03%
Target Retirement 2050 Composite Ix ²	-11.73%	-7.77%	-7.77%	6.95%	4.26%
Vanguard Institutional Target Retirement 2045 Fund (June 26, 2015)	-11.80%	-7.87%	-7.87%	6.83%	4.03%
Target Retirement 2045 Composite Ix ²	-11.73%	-7.77%	-7.77%	6.95%	4.26%
Vanguard Institutional Target Retirement 2040 Fund (June 26, 2015)	-11.04%	-7.31%	-7.31%	6.78%	3.99%
Target Retirement 2040 Composite Ix ²	-10.98%	-7.23%	-7.23%	6.91%	4.23%
Vanguard Institutional Target Retirement 2035 Fund (June 26, 2015)	-9.95%	-6.56%	-6.56%	6.46%	3.93%
Target Retirement 2035 Composite Ix ²	-9.91%	-6.48%	-6.48%	6.58%	4.14%
Vanguard Institutional Target Retirement 2030 Fund (June 26, 2015)	-8.85%	-5.82%	-5.82%	6.13%	3.85%
Target Retirement 2030 Composite Ix ²	-8.82%	-5.74%	-5.74%	6.24%	4.04%
Vanguard Institutional Target Retirement 2025 Fund (June 26, 2015)	-7.73%	-5.02%	-5.02%	5.80%	3.77%
Target Retirement 2025 Composite Ix ²	-7.73%	-5.01%	-5.01%	5.89%	3.93%
Vanguard Institutional Target Retirement 2020 Fund (June 26, 2015)	-6.49%	-4.21%	-4.21%	5.38%	3.60%
Target Retirement 2020 Composite Ix ²	-6.47%	-4.13%	-4.13%	5.48%	3.76%
Vanguard Institutional Target Retirement 2015 Fund (June 26, 2015)	-4.64%	-2.91%	-2.91%	4.78%	3.29%
Target Retirement 2015 Composite Ix ²	-4.66%	-2.88%	-2.88%	4.87%	3.43%
Vanguard Institutional Target Retirement Income Fund (June 26, 2015)	-3.21%	-1.98%	-1.98%	3.85%	2.91%
Target Retirement Income Compos. Ix ²	-3.24%	-1.98%	-1.98%	3.92%	3.03%

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be higher or lower than the performance data cited. For performance data current to the most recent month-end, visit our website at vanguard.com/performance.

1 Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

2 Derived by applying the fund's target asset allocation to the results of the following benchmarks: for international stocks of developed markets, the MSCI EAFE Index through December 15, 2010, the MSCI ACWI ex USA IMI Index through June 2, 2013, and the FTSE Global All Cap ex US Index thereafter; for emerging-market stocks, the Select Emerging Markets Index through August 23, 2006, the MSCI Emerging Markets Index through December 15, 2010, the MSCI ACWI ex USA IMI Index through June 2, 2013, and the FTSE Global All Cap ex US Index thereafter; for U.S. bonds, the Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009, and the Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter, as well as the Bloomberg Barclays U.S. Treasury Inflation Protected Securities Index through June 2, 2013, and the Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS) 0-5 Year Index thereafter; for short-term reserves, the Citigroup Three-Month Treasury Bill Index through June 2, 2013; for international bonds, the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index beginning June 3, 2013; and for U.S. stocks, the MSCI US Broad Market Index through June 2, 2013, and the CRSP US Total Market Index thereafter. International stock benchmark returns are adjusted for withholding taxes.

For more information about Vanguard funds or to obtain a prospectus, see below for which situation is right for you.

If you receive your retirement plan statement from Vanguard or log on to Vanguard's website to view your plan, visit vanguard.com or call **800-523-1188**.

If you receive your retirement plan statement from a service provider other than Vanguard or log on to a recordkeeper's website that is not Vanguard to view your plan, please call **855-402-2646**.

Visit vanguard.com to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.