



Employees' Benefits Fairs held on the Big Island attracts many attendees

On Tuesday, October 28, 2014, approximately 105 employees attended the Employees' Benefits Fair held at the Sheraton Kona and on Wednesday, October 29, 2014 over 225 attended the Fair held at the Hilo Hawaiian Hotel.

Employees took the opportunity to meet with several members of the Island Savings Plan's ("the Plan") Board of Trustees and to talk with representatives from the Plan and the Plan's investment fund companies. Also on hand to provide information on employment benefits and to answer questions were representatives from the Employees' Retirement System, the Hawaii Employer Union Trust Fund (EUTF) Health Plan carriers, the Island Flex Flexible Spending Account Plan for State employees, and the HI529 College Savings Program. Attendees participated in the Longevity Experiment where they were asked to place a circle on a display representing the oldest person that they have known. This fun and interactive exercise continues to create a lot of discussion about how many years retirement could potentially last and the importance of being prepared. All of the workshops were well attended, and employees found the materials to be very informative. One of the Fair's educational promotions focused on the 2014 National Save For Retirement Week campaign which was nationally observed during October 19 to 25, 2014, and many employees took the opportunity to join the Plan or make changes to increase their contribution rate.



Attendees lined up to visit the various tables in Hilo to ask questions and learn more about their benefits.



Attendees in Kona took time to participate in the interactive display to show "How Old is the Oldest Person You've Known," and share their longevity stories.

Fund Updates

Stable Value Fund: Effective January 1, 2015, the first quarter 2015 rate is 3.02%.

On the watch list: Century SMID Growth Fund, Harbor Small Cap Value Fund⁺, MainStay Large Cap Growth Fund⁺, and PIMCO Total Return Fund⁺.

Important Update on the PIMCO Total Return Fund: At its October 27, 2014, November 7, 2014, and November 24, 2014 meetings, the Board of Trustees (Board) of the State of Hawaii Deferred Compensation Plan (aka the Island Savings Plan) discussed the recent senior level organizational changes within PIMCO (i.e., the departures of Mohammed El-Erian in January 2014 and Bill Gross on September 26, 2014) and the potential impact on the PIMCO Total Return Fund⁺. Based on the information provided by PIMCO and the Plan's investment consultant, the Board (at its November 24, 2014 meeting) voted to place the PIMCO Total Return Fund on the watch list, initiate the search process for a replacement bond equity fund, and re-evaluate the status and performance of the PIMCO Total Return Fund in sixty (60) to ninety (90) calendar days.

⁺ Registered Mutual Fund

All investing involves various risks, such as; fixed income (interest rate), default, small cap, international and sector—including the possible loss of principal.

Farewell to Outgoing Trustees

At its October 27, 2014 meeting, the Board recognized Trustee Barbara A. Krieg for her service to the Board while she served as the ex-officio member of the Board since her appointment in September 2011 as the director of the Department of Human Resources Development. The Board also

recognized and said farewell to Trustee Kalbert K. Young at the November 24, 2014 meeting. Trustee Young served as the ex-officio member of the Board since his appointment in December 2010 as the director of the Department of Budget and Finance. Both Barbara and Kalbert were

instrumental in several initiatives during their tenure on the Board, including the evaluation and selection of the new Third Party Administrator, Prudential Retirement[®] in 2013 and the Plan's national recognition for a 2014 Leadership Recognition Award.

Board of Trustees Introduces New Appointments to the Board

The Board welcomes Governor Ige's two new appointments to the Board: James K. Nishimoto, Ed.D., as the new Director of the Department of Human Resources Development, and Wesley K. Machida, as the new Director of the Department of Budget and Finance. From his 38 years of government service which included service with the Department of Education, University of Hawaii and the Department of Human Resources Development, Director Nishimoto brings a wealth of management skills and a wide range of experience to the Board. Director Machida who has previously served on the Board brings his depth of expertise and fiscal management skills while serving as the Executive Director of the Employees' Retirement System. Both appointees will provide positive guidance and impact to the Board and the Plan.

Daylight Savings Falls Back

Daylight savings ended on November 2, 2014. Effective November 3, 2014, Plan participants now have until 11:00 a.m., HST—one additional hour—to complete online

and telephone transactions and to make deferral changes within the applicable payroll window. To view the payroll deferral change schedule, visit the Plan Communication section of the website at: prudential.com/islandsavings.



What is the Saver's Credit?

The Saver's Credit is a highly advantageous tax credit that the IRS offers to incentivize low and moderate income taxpayers to make retirement contributions to an IRS recognized retirement account. You may be eligible to claim a tax credit on your 2014 federal tax return for up to half of the first \$2,000 you save in the Island Savings Plan if your adjusted gross income does not exceed the following limits. The AGI (adjusted gross income) limit for the saver's credit is \$30,000 for single filers and married individuals filing separately, \$45,000 for heads of household, and \$60,000 for married couples filing jointly. Contact your tax adviser for more information.

DEFERRED COMPENSATION COUNSELORS

Tom Kalili *Big Island*
Kapena Kim *Oahu/Maui*
Peter Eddy *Oahu/Kauai/Maui*
Al Lee *Oahu/Molokai*
Kevin Malmud *Plan Manager*

BOARD OF TRUSTEES

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*Employee Member, County of
Kauai Department of Finance*

Island Savings Plan Line: 1-888-71-ALOHA (1-888-712-5642)

Automated voice response system is available 24/7.

- **Select "1" to speak to a Participant Service Representative**
Monday through Friday, 2:00 a.m. to 3:00 p.m. HST (Daylight Savings) or 3:00 a.m. to 4:00 p.m. HST (Daylight Savings ends)
- **Press "2" to contact a local Island Savings Plan Deferred Compensation Counselor**
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.
- **Website: www.prudential.com/islandsavings**



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Office Hours
8:00 a.m. to 5:00 p.m. HST
Monday–Friday
8:00 a.m. to 12:00 p.m. HST Saturday

Free Parking
Entrance on Alakea Street,
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Investors should carefully consider a fund's investment objectives, risks, charges, and expenses before investing. For more complete information about the mutual funds available through your plan, please call 1-877-778-2100 for a free prospectus, and if available, the summary prospectus that contains this and other information about our funds. You should read the prospectus and the summary prospectus, if available, carefully before investing. It is possible to lose money investing in securities.

Shares of the mutual funds are offered by Prudential Investment Management Services LLC (PIMS), Three Gateway Center, 14th Floor, Newark, NJ 07102-4077. PIMS is a Prudential Financial company. Prudential Retirement is a Prudential Financial business. Deferred Compensation Counselors are registered representatives PIMS.

The Stable Value Fund, a plan level fund, is invested approximately 50% in a guaranteed interest contract ("GIC") with the Prudential Insurance Company of America ("PICA"), Newark NJ 07102 and 50% with Invesco Institutional. The assets backed by the PICA GIC are managed by the Fixed Income Group at Jennison Associates, LLC, a Prudential Financial company. Any guarantees associated with the PICA portion are subject to the claims paying ability of PICA. The Invesco assets are backed by a diversified portfolio of bonds that are held in trust for the Fund and are managed by Invesco, PIMCO, Blackrock and Jennison. The Stable Value assets are not FDIC insured, may lose value and are not bank guaranteed. PICA Contract form # GA-8215.

Prudential Retirement's separate accounts are available under group variable annuity contracts issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT. PRIAC is a Prudential Financial company.

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