



## IMPORTANT UPDATES IN RESPONSE TO THE COVID-19 PANDEMIC

### 2020 Spring Benefits Fair

The 2020 Spring Benefits Fair will go virtual due to COVID-19.

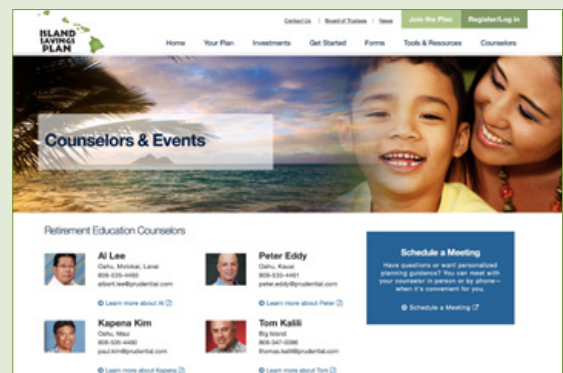
Additional information and instructions will be announced in the coming weeks that will explain how you can attend the Fair—virtually.

#### Need to talk with a local retirement counselor?

The Island \$avings Plan offers a wide range of resources, including access to local Retirement Education Counselors who can provide one-on-one assistance, by phone or through a virtual meeting that allows you to connect from wherever you are—all you need is a phone and internet-connected device (PC is preferred but screen sharing can be done on a cellphone or tablet).

To set up a phone or virtual one-on-one consultation, go to the “Counselor” tab on [www.prudential.com/islandsavings](http://www.prudential.com/islandsavings) then the “Schedule a meeting” link, and enter all the fields to schedule your appointment. You may also contact counselors directly to set up an appointment using their contact information details on the Counselor page.

[www.islandsavings.preparewithpru.com](http://www.islandsavings.preparewithpru.com) >  
Log in > Counselors ▶ [Schedule a meeting](#)



#### Fund Updates

##### Important notice regarding the MainStay Large Cap Growth Fund:

Effective February 28, 2020, the MainStay Large Cap Growth Fund (MLAIX) changed its name to **MainStay Winslow Large Cap Growth Fund**. The ticker symbol remains the same.

**Wellington Research Value Fund:** At the February 7, 2020, meeting, the Board voted to remove the Wellington Research Value fund from the watch list based on the Investment Consultant’s recommendations that, with a good 2019, the performance results of the fund have improved and overall results have been more consistent with expectations.

**Stable Value Fund:** Effective April 1, 2020, the second-quarter 2020 rate is 2.66%.

# Target Date Funds Offer Low Fees and a Straightforward Investing Approach

## The Vanguard Target Retirement Fund series

For some, choosing the “right” investments can be overwhelming, confusing, and time-consuming. For those looking for help reaching their retirement goals, the Vanguard Target Retirement Fund series offers a “do it for me” approach.

Target date funds or age-based funds offer a clear approach to investing. The concept is to pick a fund that fits your anticipated retirement date, direct your contributions into the fund, and the investment mix will automatically adjust (e.g., decreasing stock and increasing bond exposures) as you approach retirement.

In April 2019, the Island Savings Plan replaced six (6) existing LifeCycle funds with the twelve (12) Vanguard Target Retirement Funds, which can offer a straightforward investing approach at a low cost and a tailored, diverse mix of funds through one investment option.

### Additionally, the Vanguard Target Retirement Funds offer:

- A straightforward approach to investment selection designed to save you time and effort and balanced to serve you in achieving your goals through both your career and retirement.
- A complete, **professionally managed** portfolio through a single investment.
- **Diversification** through a mix of four to five of Vanguard’s broad-based index funds that, together, cover 89% of global liquid markets (e.g., assets that can be sold quickly without a significant loss of principal), more than 25 sub-asset classes (e.g., assets that have different characteristics) in more than 45 countries, and provides exposure to more than 29,000 securities. The broad diversified mix helps you to stay on track.
- The opportunity to invest in a **wider range** of diverse investment funds that are **not** currently offered in the Plan.
- A **low** investment management fee of 9 basis points (0.09%) that make the funds attractive. The low fees are due to the mix of index mutual funds (e.g., designed to copy the performance of a certain market index such as stocks or bonds) and Vanguard’s management style.

***Keep in mind that the less you pay in fees, the more you can keep in your pocket. The money that you lose to investment fees can add up exponentially over time or could shrink your investment savings in retirement since you would no longer be actively contributing into the Plan during your retirement.***

*For more information, review the fund fact sheets for the Funds and the brochure that provides a description of the Vanguard Institutional Target Retirement Funds in the Investments section of the Plan’s website under the “Do it for me” heading.*



# Passage of the SECURE Act and Changes to Required Minimum Distributions (RMD)

## In December 2019, Congress passed the SECURE Act, which stands for “Setting Every Community Up for Retirement Security.”

A major goal of the SECURE Act is to expand opportunities to increase retirement savings through a variety of measures, such as removing the age restriction on traditional IRA contributions.

One major aspect of the Act is an increase to the age at which one must take Required Minimum Distributions (RMDs), from the current 70½ to 72 years of age. This change will potentially create opportunities for more savings growth.

Starting from calendar year 2020, if you reach 70½ years old this year, your first RMD payments must begin by **April 1 of the year you reach age 72 years.**

Due to the CARES Act that passed on March 27, 2020 in response to the COVID-19 pandemic, RMDs (previously due to begin after age 70½) are waived for 2020. Annual lump sum RMD amounts will not be paid after April 10, 2020; however, you will be given the opportunity to elect to receive a distribution if you choose. If you are currently receiving installments on a semi-annual, quarterly or monthly basis your payments will continue; however, you may stop payments if you elect to in 2020.

If you have questions about how the SECURE Act may impact you, you can contact a Prudential Retirement Education Counselor for more information.

## Saver’s Tax Credit for 2020

If you qualify, you may be able to receive a Saver’s Tax Credit based on your tax-filing status and your adjusted gross income reported on your federal tax return. The amount of the credit is 50%, 20% or 10% of your contribution to the Plan.

**The maximum contribution that may qualify for the credit is \$2,000 or \$4,000 (if married filing jointly).**

### 2020 Saver’s Credit

Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of your contribution	AGI not more than \$39,000	AGI not more than \$29,500	AGI not more than \$19,500
20% of your contribution	\$39,001–\$42,500	\$29,250–\$31,875	\$19,501–\$21,250
10% of your contribution	\$42,501–\$65,000	\$31,876–\$48,750	\$21,251–\$32,500
0% of your contribution	More than \$65,000	More than \$48,750	More than \$32,500

\*Single, married filing separately, or qualifying widow(er).

Reminder: Electronic Funds Transfer (EFT) services are available for in-service withdrawals and cash distributions at termination or retirement. If you would like to set up this service, you may choose this option when using the website to request your withdrawal/distribution.

If you already have a request and wish to change the payment method from check to EFT, please call Island Savings Plan Info Line: **888-71-ALOHA**, (888-712-5642), Select “1” to speak with 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 (after Daylight Savings ends).



## Retirement Education Counselors

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

## Local Office Staff—Retirement Education Team

Grace Baracao, *Oahu*      Jeanne Kanai, *Oahu*

## Board of Trustees

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*Employee Member,  
University of Hawaii System*

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

Automated toll-free phone number is available 24/7.

- **Select “1” to speak with 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 (after Daylight Savings ends).
- **Select “2” to contact a local Island Savings Plan Retirement Education Counselor**  
Monday through Friday, 8:00 a.m. to 5:00 p.m. HST, and Saturdays,  
8:00 a.m. to 12:00 p.m. HST.
- **Website:** [www.prudential.com/islandsavings](http://www.prudential.com/islandsavings)



**Prudential Retirement  
Honolulu Office**  
1100 Alakea Street, Suite 1550  
Honolulu, HI 96813

**Office Hours**  
8:00 a.m. to 5:00 p.m. HST  
Monday through Friday  
8:00 a.m. to 12:00 p.m. HST, Saturdays

**Free Parking**  
Entrance on Alakea Street,  
parking ticket validated at  
the local office.



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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 the equity exposure and increasing the exposure in fixed income type 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 based solely on age or retirement date, is not a guaranteed investment and the stated asset allocation may be subject to change. It is possible to lose money by investing in securities.

**Investors should carefully consider the fund 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.**

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