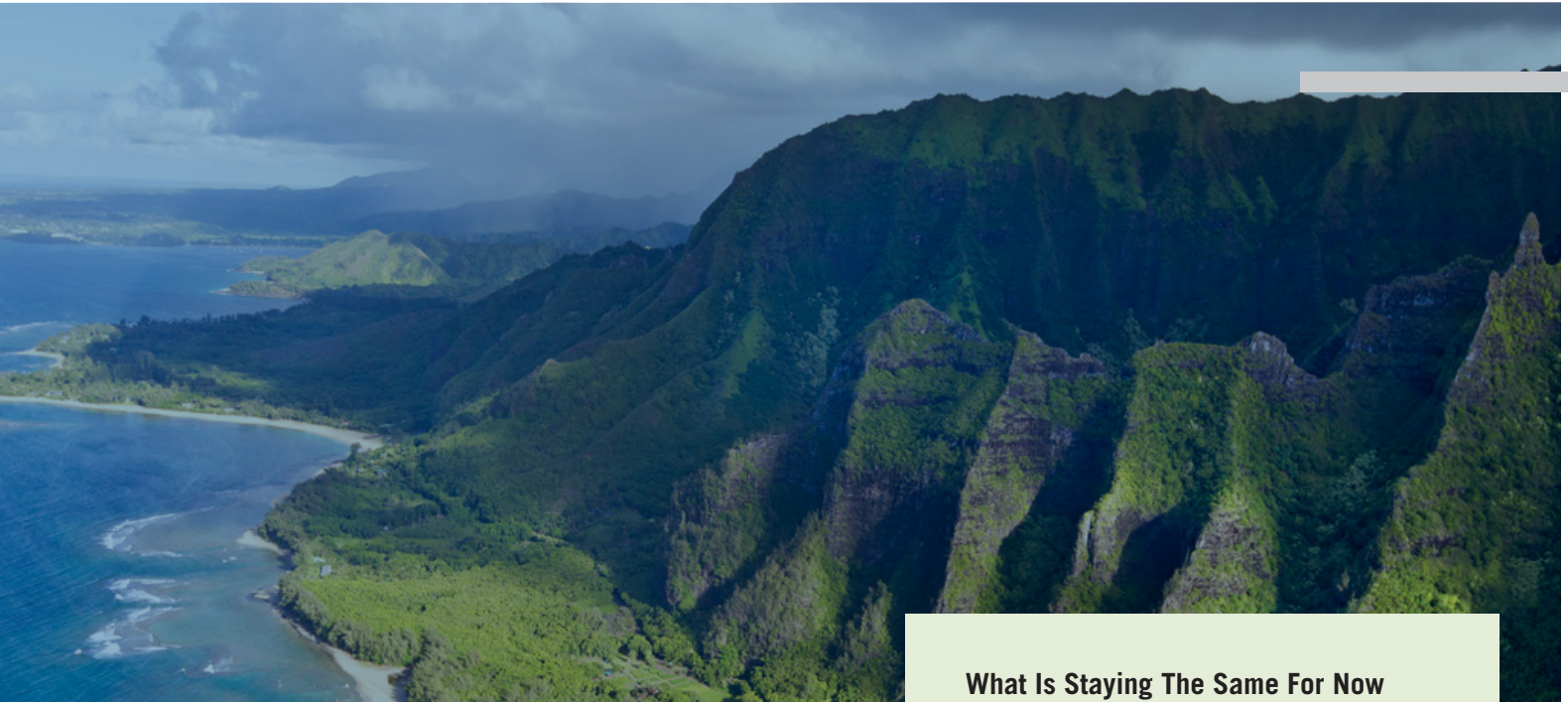




# NEWSLETTER



## Exciting News For The Island Savings Plan.

Empower has acquired Prudential's retirement business, your Island Savings Plan service provider.

**Effective April 1, 2022**, Empower, one of the largest retirement services providers in the U.S., officially acquired the retirement business of Prudential. Plan participants should expect to see the naming references to Empower in place of Prudential throughout the transition and anticipate a seamless migration over to Empower.

### What Is Staying The Same For Now

- The Island Savings Plan website at [prudential.com/islandsavings](https://prudential.com/islandsavings) and login credentials
- Designated contributions and investments
- Call center and local office phone numbers
- Quality service from the local office team
- The Honolulu Office at 1100 Alakea Street, Suite 1550 Honolulu, HI 96813

### What Is Changing

Participants will see the Empower logo on the website, statements, required notices, confirmations, forms, and educational materials produced.





## What You Need To Do

- Make sure your contact information is up to date.
- If you have any additional questions, you may contact a local Island Savings Plan Retirement Education Counselor.

### Call the Island Savings plan info line:

**888-71-ALOHA** (888-712-5642) and select “2” weekdays from 8:00 a.m. to 5:00 p.m. HST and Saturdays from 8:00 a.m. to 12:00 p.m. HST.

## Fund Update

### Vanguard Target Date Funds

Effective January 18, 2022, the Vanguard Institutional Target Retirement Funds (“Vanguard Funds”) were replaced with the Vanguard Target Retirement Trusts II (“CIT”). The change to the CIT options lowered the investment management fees from 0.09% (9 basis points) to 0.075% (7.5 basis points). No action was required from participants who chose to have their existing balance in the Vanguard Funds automatically transferred to an equivalent fund in the CIT options. Participants can see the new CIT options in the **Investments section** of the Plan website and the change in investments in their Plan accounts.

### Stable Value Fund

Effective April 1, 2022, the Second-Quarter 2022 rate is 2.07%.

## Understanding Retirement Plan Fees

An important question to consider when planning for retirement is: Should fees be factored into the plan? The truth is, yes. Even a small difference in fees can add up to a sizable difference in future retirement income. The difference depends on the account balance, the average annual return and other factors.

A Department of Labor study found that an increase in fees from 0.5% to 1.5% would translate into \$64,000 less for a person with an initial account balance of \$25,000 and an average rate of return of 7% after 35 years (assuming no further contributions).<sup>1</sup> In other words, fees can have a big impact on your savings, but research shows that about 40% of retirement plan participants do not understand fees.<sup>2</sup>

Retirement plan fees generally fall into these two categories:

- **Administrative fees:** These fees cover the expenses of running your retirement plan. They pay for recordkeeping, accounting, and legal support as well as educational programs, statement production, the Plan website, and other services. Recordkeeping fees were reduced to 0.085% (8.5 basis points) effective October 1, 2021. This is an annualized fee that is deducted from your account on a quarterly basis; the reduced rate is on your first-quarter 2022 statement.
- **Investment fees:** These are fees the investment funds in the Plan charge for investment management and related services. They are presented as a percentage of the value of your investment in the fund, called an expense ratio. These fees are deducted before the daily price or performance is calculated.

It is important to remember that all investments come with fees, but the Plan uses the combined negotiating leverage of Plan participants to keep fees as low as possible. Also, the Plan and investment documentation clearly disclose fees, so you will always know how much you are paying.

If you have questions about your Island Savings Plan fees and what they pay for, contact your local Retirement Education Counselor for assistance.

### 1 Department of Labor, “A Look at 401(k) Plan Fees,” 2019.

*The compounding example is hypothetical and for illustrative purposes only and does not represent the performance of any investment.*

### 2 CNBC.com, “Roughly 40% of Americans don’t understand 401(k) fees, government watchdog finds,” 2021.

## Staying On Course With Portfolio Rebalancing

Managing risk is also an important aspect of saving and investing for retirement. You have probably heard about how diversification and asset allocation can help manage risk by spreading your contributions across multiple funds and different asset classes (such as stocks, bonds, and cash equivalents). Another risk management tactic that is easily overlooked is portfolio rebalancing. Rebalancing is the process of shifting assets in your portfolio to bring it back in line with your asset allocation strategy.

### How your assets may become out of balance

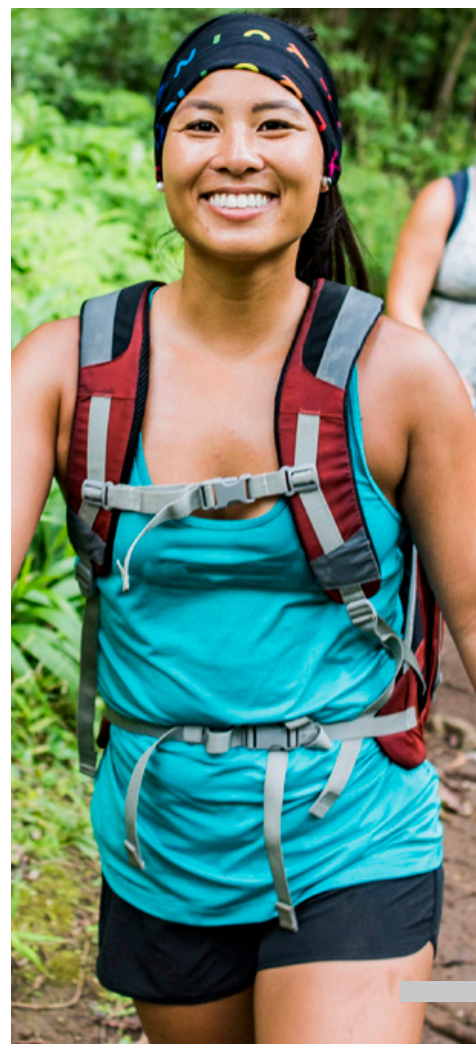
Asset allocation and rebalancing are closely related. Asset allocation is the process of choosing a mix of investments in different asset classes based on your retirement income goals, your tolerance for risk, and the time you have left before you retire. Over time, your mix of investments may become too conservative or aggressive because of market performance or a change in tolerance.

For example, let us assume your stock funds experience strong performance and grow to the point where they make up a larger chunk of your portfolio than when you decided on your asset allocation strategy. Because stocks are generally riskier than bonds, you may

have more risk in your portfolio than you want. Portfolio rebalancing realigns your portfolio with your strategy.

### Getting your portfolio back on course

If you would like to learn more about rebalancing, schedule some time with a Retirement Education Counselor from the local office. Asset allocation, diversification, and/or rebalancing do not ensure a profit or protect against loss, but your local Retirement Education Counselor can explain these in detail and walk you through the process of getting your retirement account portfolio back in balance.



## Important Reminders

### Daylight savings time changes

Daylight savings time (“DST”) began on March 13, 2022. Effective from March 14, 2022, Plan participants have until 10:00 a.m. HST to complete online or telephone deferral changes within the applicable payroll window. The payroll deferral change schedule is available under the **Forms and Documents** tab on the Plan website.

### Review your beneficiary election

Updating your beneficiary should not be an afterthought. It is important to choose a beneficiary who will receive your Plan account benefits in the event of your death. Review your beneficiary designation regularly, especially when there are changes in your personal situation, such as a

marriage or divorce. Whenever necessary, update the information by logging in to your account online at: [prudential.com/islandsavings](https://prudential.com/islandsavings).

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

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 (“RMD”), 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.



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## Empower

### Honolulu Office

1100 Alakea Street, Suite 1550

Honolulu, HI 96813

### Office hours

8:00 a.m. to 5:00 p.m. HST weekdays

8:00 a.m. to 12:00 p.m. HST Saturdays

### Free parking

Entrance on Alakea Street; parking

ticket validated at the local office

## Island Savings Plan Info Line

888-71-ALOHA (888-712-5642). This automated, toll-free phone number is available 24/7.

Select "1" to speak with a Participant Service Representative weekdays from 2:00 a.m. to 3:00 p.m. HST (DST) or from 3:00 a.m. to 4:00 p.m. HST (after DST ends).

Select "2" to contact a local Island Savings Plan Retirement Education Counselor weekdays from 8:00 a.m. to 5:00 p.m. HST and Saturdays from 8:00 a.m. to 12:00 p.m. HST.



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# NO ACTION REQUIRED: FOR YOUR INFORMATION

## Overview

As of April 1, 2022, Empower acquired the full service retirement business of Prudential Retirement. Over a period of time, you may see references to Prudential and Empower as we transition our experiences. Throughout this process, we want you to know that our focus is on you and making this transition as seamless as possible. For your reference, outlined below is the entity level detail of the acquisition, including important information to help determine who will be servicing your account or other products.

## Post-close

On April 1, 2022, Great-West Life & Annuity Insurance Company (GWLA), the parent company of Empower Retirement, LLC (Empower) acquired the full service retirement business of Prudential Financial, Inc. In connection with the transaction, GWLA acquired all shares of the following entities, which are no longer affiliated with Prudential Financial, Inc.: Prudential Retirement Insurance and Annuity Company, Prudential Bank & Trust, FSB, Global Portfolio Strategies, Inc., TBG Insurance Services Corporation, MC Insurance Agency Services, LLC, and Mullin TBG Insurance Agency Services, LLC.

Please use the following to determine if Empower is now the service provider for your account. If you have multiple accounts, you may be a customer of Prudential Financial, Inc. and its affiliates (together, Prudential) and Empower.

ACCOUNT TYPE	SERVICE PROVIDER
<p><b>If you are an annuitant, contingent annuitant or other beneficiary under a group annuity contract issued or reinsured by Prudential's pension risk transfer business or plan participant whose benefit is administered by Prudential's pension risk transfer business...</b></p> <p><b>How do I know if this applies to me?</b></p> <p>You were previously issued an annuity certificate from the Prudential Insurance Company of America <u>in connection with your employer's defined benefit plan</u> OR previously received a communication from your employer that Prudential has issued a guaranteed annuity covering all or a portion of your pension benefit or pays your pension benefit.</p>	<p>...Your account remains with Prudential and was not impacted by the transaction.</p> <p>The "Important Disclosures Regarding the Empower Transaction" listed below <b>do not apply</b> to your account.</p>
<p><b>If you independently purchased an individual annuity, life insurance or investment product with Prudential...</b></p> <p><b>How do I know if this applies to me?</b></p> <ul style="list-style-type: none"><li>• You independently purchased a product from Prudential (other than a SmartSolutions IRA) that is unrelated to an employer workplace plan.</li><li>• The product you purchased is issued by The Prudential Insurance Company of America (PICA), Prudential Annuities Life Assurance Corporation (PALAC), Pruco Life Insurance Company, or Pruco Life Insurance Company of New Jersey.</li><li>• You purchased an investment product or service through Pruco Securities, LLC.</li></ul>	<p>...Your account remains with Prudential and was not impacted by the transaction.</p> <p>The "Important Disclosures Regarding the Empower Transaction" listed below <b>do not apply</b> to your account.</p>
<p><b>If you are a participant in the Prudential Employee Savings Plan (PESP), the Jennison Associates Savings Plan, the Assurance Savings Plan, the Prudential Supplemental Employee Savings Plan, the Prudential Financial, Inc. 2021 Omnibus Incentive Plan and the attendant Prudential Long-Term Incentive Program, the Prudential Financial, Inc. 2016 Deferred Compensation Plan for Non-Employee Directors or the PGIM, Inc. Omnibus Deferred Compensation Plan...</b></p> <p><b>How do I know if this applies to me?</b></p> <ul style="list-style-type: none"><li>• You receive statements and other notifications from Prudential in connection with one or more of these plans.</li></ul>	<p>...Empower is currently providing services to the plans as a sub-contractor to Prudential for a transitional period. During this period, Prudential will remain the service provider for the plans.</p> <p>Please carefully review the "Important Disclosures Regarding the Empower Transaction" below that <b>apply to you, as applicable</b>.</p>

ACCOUNT TYPE	SERVICE PROVIDER
<p><b>If you are a participant in a retirement plan previously serviced by Prudential Retirement, which may include defined benefit plans, non-qualified plans, defined contribution plans, and 401(k) plans (including a plan that permits self-directed brokerage accounts), or you are an account holder of a SmartSolution IRA, Auto Roll IRA, or NFS Prudential Brokerage Account...</b></p> <p><b>How do I know if this applies to me?</b></p> <ul style="list-style-type: none"> <li>You receive a notification from Prudential Retirement notifying you that Empower will become the service provider for your account.</li> <li>You receive a welcome email or letter from Empower.</li> </ul>	<p>...Empower is now the service provider for your account. However, with respect to Smart Solution IRA accounts and certain Auto Roll IRAs, Prudential Investment Management Services LLC (PIMS) remains the broker-dealer for a transitional period.</p> <p>Please carefully review the “Important Disclosures Regarding the Empower Transaction” below that <b>apply to you</b>.</p>

### Important Disclosures Regarding the Empower Transaction

Effective April 1, 2022, the following will apply to you:

- All references to “Prudential Retirement” refer to Empower. Prudential Retirement is no longer a business unit of Prudential.
- Certain insurance products written by The Prudential Insurance Company of America were reinsured to GWLA and Great-West Life & Annuity Insurance Company of New York (for New York business). Empower Retirement will become the administrator of this business acquired from Prudential.
- Empower Retirement refers to the products and services offered by GWLA and its subsidiaries, including Empower Retirement, LLC. Empower Retirement is not affiliated with Prudential or its affiliates.
- Full-service retirement sales personnel and certain service personnel are no longer registered representatives of Prudential Investment Management Services LLC (PIMS) and are registered representatives of GWFS Equities, Inc. For a transitional period, certain back office and service personnel will remain registered representatives of PIMS.
- During a transition period, Prudential and, as applicable, its affiliates will continue to provide services to Empower. PIMS will continue to provide certain broker-dealer services under the terms of existing services agreements for certain plans and will continue to be the broker-dealer of record for existing SmartSolution IRA accounts and certain Auto Roll IRA accounts for a transitional period.
- Any documents pertaining to fraud or security commitments by Prudential Retirement are no longer applicable and are replaced with Empower’s commitments set forth at <https://participant.empower-retirement.com/participant/#/articles/securityGuarantee>.
- If Empower is the service provider for your account, Prudential’s Privacy Statements and Privacy Notices are replaced with Empower’s Privacy Notice set forth at <https://www.empower-retirement.com/privacy> for that account.

All product names, logos, and brands are property of their respective owners. “EMPOWER”, “EMPOWER RETIREMENT”, all associated logos, and product names are trademarks of Great-West Life & Annuity Insurance Company. Prudential, the Prudential logo and the Rock Design are trademarks of Prudential Financial, Inc. and its affiliates and are used under license.

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**Have additional questions? For Prudential accounts and products, please call 800-621-1089. For Empower accounts and products, please call 877-778-2100.**