State of Hawaii Deferred Compensation Plan

VANGUARD TARGET RETIREMENT TRUSTS II

A diversified portfolio through one investment, tailored for your planned retirement journey

Your State of Hawaii Deferred Compensation Plan allows you to customize your ideal portfolio by selecting from an array of investment types and funds. Among your fund options are the Vanguard Target Retirement Trusts II. The Vanguard Target Retirement Trusts II offer the simplicity of a complete portfolio through a single investment. These collective investment trusts (CITs) are customized strategies that are designed to balance growth potential, manage risk tolerance and adapt to its time horizon to retirement. The CITs are not publicly traded but are widely used in retirement plans, including defined contribution plans similar to the Island $avings Plan. These CITs consist of 12 different funds based on an expected retirement date.

What is a collective investment trust?

Each of the Vanguard Target Retirement Trust II funds are a CIT. A CIT is a tax-exempt, pooled investment vehicle available only to qualified retirement plans and certain governmental retirement plans (as defined in Internal Revenue Code Section 414(d)).

Several characteristics of CITs set them apart from mutual funds and provide many unique and noteworthy features. CITs are not required to be registered with the Securities Exchange Commission (SEC) as is required for mutual funds. Additionally, most CITs do not have a ticker symbol because they are not registered investments. Although CITs are unregistered, they are regulated.

Benefits of investing in a CIT:

- Many CITs have similar structure to the mutual funds.
- CITs can be a cost-efficient option due to having generally lower fees.
- CITs are easy to maintain. There typically are little to no marketing- and compliance-related costs with a CIT.
- Management fees also tend to be lower and have a potential to decrease as plan-level assets increase.

Diversify your investments through one single investment

About the Vanguard Target Retirement Trusts II

Vanguard Target Retirement Trust II funds are target date funds. 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 on 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 a fund's investment objectives, risks, charges and expenses as well as their own age, anticipated retirement date, risk tolerance, other investments and planned withdrawals.

Selecting the appropriate investment

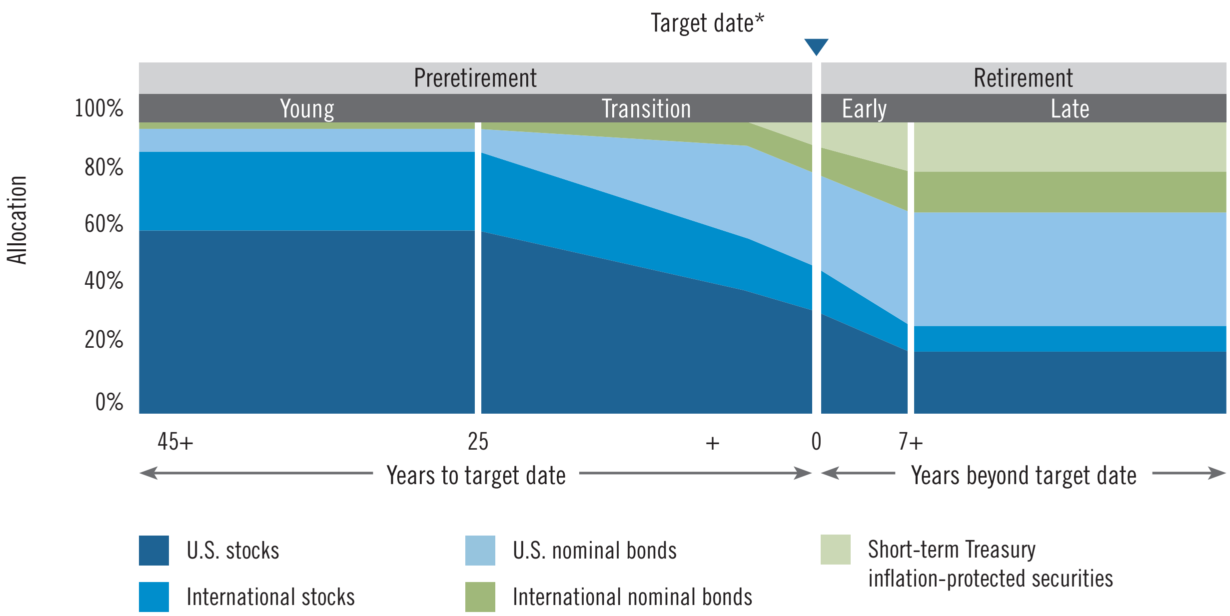
Each investment is named with a target retirement year in mind. If you are not sure, add "65" to your birth year or refer to the chart. Once you have chosen your target retirement year and fund, review the mix of the fund's stocks and bonds and consider whether the asset allocation mix suits your current savings progress, investment objective and risk profile. If you prefer a mix that is more conservative or with more risk, then consider another target retirement fund or complement your target retirement fund with other funds from the Plan's core investment lineup. Remember that you should consider the investment objectives, risks, charges and expenses of any fund before investing. Also keep in mind that the principal value of a target date fund is not guaranteed at any time, including on the target date.

Birth-year range	Investments
Earlier than 1955	Vanguard Target Retirement Income Trust II
1955–1959	Vanguard Target Retirement 2020 Trust II
1960–1964	Vanguard Target Retirement 2025 Trust II
1965–1969	Vanguard Target Retirement 2030 Trust II
1970–1974	Vanguard Target Retirement 2035 Trust II
1975–1979	Vanguard Target Retirement 2040 Trust II
1980–1984	Vanguard Target Retirement 2045 Trust II
1985–1989	Vanguard Target Retirement 2050 Trust II
1990–1994	Vanguard Target Retirement 2055 Trust II
1995–1999	Vanguard Target Retirement 2060 Trust II
2000–2004	Vanguard Target Retirement 2065 Trust II
2005 or later	Vanguard Target Retirement 2070 Trust II

How the Vanguard Target investments work

The investments are designed to help simplify diversification, asset reallocation and manual management.

- The year in the investment name is 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.
- As the target date approaches, Vanguard will automatically rebalance your fund portfolio to help manage risk. This generally involves decreasing its stock holdings and increasing 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 automatically. Target date investments are designed to keep your money invested appropriately throughout your retirement years.
- Investments have a low cost of 7.5 basis points (0.075%).



*Target allocations as of June 30, 2017.

Source: Vanguard Center for Retirement Research.

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 on 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. Participants should carefully consider the investment objectives, risks, charges and expenses of any fund before investing. Funds are not guaranteed investments, and the stated asset allocation may be subject to change. **It is possible to lose money by investing in securities, including losses near and following retirement**.

QUESTIONS?

The Vanguard CIT Fact Sheets are available on your Plan's website at **www.prudential.com/islandsavings**. If you have questions about these target date funds, 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 2 a.m. to 11 a.m. HST (except on stock market holidays) and on Saturdays from 3 a.m. to 11:30 a.m. HST to answer your questions.

Carefully consider the investment option's objectives, risks, fees and expenses. Contact Empower for a prospectus, summary prospectus for SEC-registered products or disclosure document for unregistered products, if available, containing this information. Read each carefully before investing.

Fund changes may alter the risk exposure of an investment account. Some cash-alternative options (other than money market funds), such as guaranteed interest funds or stable value funds, may have withdrawal and transfer restrictions. Carefully consider the importance of a well-balanced and diversified investment portfolio, while considering all your assets, income and investments. Adjustments may be needed to realign the account with its desired investment strategy.

Asset allocation, diversification, and/or rebalancing do not ensure a profit or protect against loss. Asset allocation and balanced investment options and models are subject to the risks of their underlying investments.

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