



GENERAL INFORMATION on the Transition to Prudential Retirement

The State of Hawaii Deferred Compensation Plan

The Island Savings Plan is coming together with Prudential Retirement, the Rock for retirement.

If you are a current participant in the Plan, a Transition Guide was separately mailed to your home.

If you are an employee that is not yet participating in the Island Savings Plan, please take the opportunity to review this brochure to learn more about your Island Savings Plan benefit, the many investment choices, and how you may access upcoming educational opportunities statewide.

THE ISLAND SAVINGS PLAN IS COMING TOGETHER WITH PRUDENTIAL RETIREMENT

On July 29, 2013, the State of Hawaii Deferred Compensation Plan (also known as the Island Savings Plan) will be transferring to a new Third Party Administrator (“TPA”) — Prudential Retirement®. Once the Island Savings Plan moves to Prudential Retirement, you may utilize enhanced tools, lower fees, and ease in managing your account to help you better prepare for retirement.

Employees of the State of Hawaii (including the Department of Education, University of Hawaii, and the Waiālae Elementary Public Charter School), County of Hawaii, County of Kauai, or County of Maui who are members of the Employees’ Retirement System (ERS), are immediately eligible to join the Island Savings Plan.

If you decide to participate in the Island Savings Plan, your contributions are made before taxes through payroll deduction. This allows you to potentially save on your taxes with each paycheck. Because you are not taxed until you start taking your withdrawals, usually at retirement, you can take advantage of the tax-deferred savings on your contributions plus any interest and earnings.

INVESTMENT OPTIONS

The Island Savings Plan will provide several approaches to investment offerings, allowing you a choice to select the option that best suits your needs. **Funds currently offered through the Island Savings Plan will remain the same.**

The following chart illustrates the Island Savings Plan’s investments.

Investment Category	Fund Name/Ticker Symbol
Stable Value	<ul style="list-style-type: none"> Stable Value Fund
Fixed Income	<ul style="list-style-type: none"> BlackRock U.S. Bond Index PIMCO Total Return (PTTRX)*
Balanced	<ul style="list-style-type: none"> Vanguard Wellington (VWENX)*
Large Cap Stock	<ul style="list-style-type: none"> BlackRock U.S. Large Cap Index Victory Institutional Diversified Stock (VIDSX)* Wellington Research Value Portfolio Mainstay Large Cap Growth (MLAIX)* JP Morgan Diversified Real Return (JRLRX)*
Small/Mid Cap Stock	<ul style="list-style-type: none"> Harbor Small Cap Value (HASCX)* BlackRock U.S. Small/Mid Cap Growth Index Century Small/Mid Cap Growth BlackRock Non-U.S. Small/Mid Cap Index
Global/International Stock	<ul style="list-style-type: none"> MFS International Value Equity (MINJX)* American Funds EuroPacific Growth (RERGX)* Schroder Global Emerging Markets Core Equity (SEMNX)*
Asset Allocation	<ul style="list-style-type: none"> Lifecycle Income Fund Lifecycle 2015 Fund Lifecycle 2025 Fund Lifecycle 2035 Fund Lifecycle 2045 Fund Lifecycle 2055 Fund

* Registered mutual fund.

As you review your investments, remember that all investing involves various risks including the possible loss of principal.

The Lifecycle Funds are target date funds. The target date is the approximate date when participants plan to start 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 type investments. The principal value of an investment in a target date fund is not guaranteed at any time, including the target date.

INVESTMENT OPTIONS

The Island Savings Plan will offer several ways to invest for your retirement. Based on how comfortable you are with investing, you can:

1. Do it yourself:

- If you would like to select and manage your own investments, you can pick from the core offering of 22 investment fund options.
- Or, you may transfer a portion of your retirement assets to a Self-Directed Brokerage account that offers access to a broad choice of investments that are not available within the plan's core investment lineup. If you would like more information about the Self-Directed Brokerage option with Prudential Retirement,** these materials will be available on the website.

2. Do it with guidance:

- **Lifecycle Funds**—Made up of a combination of the Plan's existing core investment options based on a target retirement date, or a date when a participant plans to withdraw money for retirement purposes. Participants may choose the fund with an underlying portfolio that best fits their risk tolerance, time horizon, and investment goals, and targets their anticipated retirement date.
- **GoalMaker**—If you're looking for guidance that can help take the guesswork out of selecting and maintaining the right investment mix, GoalMaker is an asset allocation tool, available at no additional cost, that recommends a professionally-designed portfolio of investments available in the plan, and then manages it over time, rebalancing quarterly to keep it true to its investment objectives.
- **Manage your own account, with professional advice**—If you would like an expert opinion while choosing your investments, but want to maintain control over your retirement account, you have access to Investment Advice based on recommendations by Morningstar, available at no additional cost.
- **Have it done for you**—If you have outside assets or unique circumstances which require a more personalized, comprehensive strategy, you can opt for Managed Accounts, where Morningstar creates, implements, and then manages your investment strategy at a cost of 35 basis points (0.35%).

For more information about these investment options, go to www.prudential.com/islandsavings.



** No annual fee for using the brokerage window; however, the participants shall still be required to pay all transaction and other costs charged by Prudential Investment Management Services (PIMS) that are comparable to fees that are currently being charged.

QUESTIONS & ANSWERS

How do I find out more about the plan?

Beginning June 20, 2013, you can call the Transition Hotline at **1-855-71A-LOHA** (1-855-712-5642) and choose option “2.”

On-site workshops will be held during the months of July and August. Island Savings Plan representatives will be available at select on-site locations during this time to answer your questions and provide information on the enhanced tools and services that will be available to you once the transition is complete. View the meeting schedule at: www.prudential.com/islandsavings.

How do I enroll in the plan?

If you are currently **not** enrolled in the Island Savings Plan, and wish to enroll before the transition date, you can call the Island Savings Plan toll free information line at **1-888-71A-LOHA** (1-888-712-5642).

Beginning July 29, 2013, you may obtain an enrollment form from the Prudential Retirement Honolulu office at 1100 Alakea Street, Suite 1550, Honolulu, Hawaii 96813. Please return the enrollment form to the Prudential Retirement Honolulu office. The enrollment form is also available at www.prudential.com/islandsavings, go to the ‘Transition Communications’ section, and click on ‘Forms’.

Is there a fee to participate?

Participants in the Island Savings Plan have always been charged general Plan administration and recordkeeping fees. The administrative fee will be 0.125% (i.e., 12.5 basis points). Prudential Retirement will assess an administrative fee on a quarterly basis, and it will be reported on your quarterly statement.

The fee amount of 12.5 basis points, which is 0.125% of your account balance, is an annualized fee that is deducted from your account on the last day of each quarter.

PLAN RESOURCES BEGINNING ON JULY 29, 2013

New Island \$avings Plan website

—www.prudential.com/islandsavings

Review your account balance, research your investment options, perform transactions and learn more about planning for retirement – all through a redesigned, easy-to-navigate website. It will have information that will help you learn the fundamentals of saving and investing for retirement.

Also available is an interactive Retirement Income Calculator that quickly helps you figure out if you’re saving enough for retirement, what to do if you’re not, and how to stay on track.

Island \$avings Plan Line

—**1-888-71A-LOHA (1-888-712-5642)**

Obtain account information or perform transactions through the automated voice response system, 24/7. If you have questions or need assistance, representatives are available Monday through Friday, 3 a.m. to 4 p.m. HST beginning July 29, 2013.

New mobile capabilities

The www.prudential.com/islandsavings website is optimized on all mobile devices so you can access your account information wherever you are.

Prudential Retirement Honolulu Office

Seven dedicated education representatives will be available by phone and on-site. Look for the new scheduling tool starting in August at www.prudential.com/islandsavings.

The new local office is located at 1100 Alakea Street, Suite 1550, Honolulu, Hawaii 96813. Office hours will be 8 a.m. to 5 p.m. HST, Monday through Friday and 8 a.m. to 12 p.m. HST on Saturday.

Visitor parking is available in the building via the Bishop Street entrance.





Keep in mind that application of asset allocation and diversification concepts does not assure a profit or protect against loss in a declining market. **It is possible to lose money by investing in securities.**

Investors should consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus, and if available the summary prospectus, contain complete information about the investment options available through your plan. Please call (855) 646-4015 for a free prospectus and if available, a summary prospectus that contain this and other information about our mutual funds. You should read the prospectus and the summary prospectus, if available carefully before investing. It is possible to lose money when investing in securities.

Shares of the registered 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.

Brokerage services are offered through Prudential Investment Management Services LLC (PIMS), Three Gateway Center, 14th Floor, Newark, NJ 07102-4077. PIMS is a Prudential Financial company.

The Retirement Income Calculator is hypothetical and for illustrative purposes only and is not intended to represent performance of any specific investment, which may fluctuate. There is no assurance that retirement income objectives will be met. It is possible to lose money by investing in securities.

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.

The target date is the approximate date when investors plan to start withdrawing their money.

The asset allocation of target date funds will become more conservative as the target date approaches by lessening your equity exposure and increasing your 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.

Prudential Financial and its representatives are not tax or legal advisors. Consult your own legal or tax advisor with specific questions.

GoalMaker's model allocations are based on generally accepted financial theories that take into account the historic returns of different asset classes. But, of course, past performance of any investment does not guarantee future results. Prudential Financial encourages participants to consider their other assets, income, and investments when enrolling in the GoalMaker program. We also recommend participants periodically reassess their GoalMaker investments to make sure their model portfolio continues to correspond to their changing attitudes and retirement time horizon. The GoalMaker model portfolios are subject to change including, for example, the replacement of investment options and allocations within the model portfolios. You will be notified in writing in advance of such changes.

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