



NAGDCA 2025 Leadership Recognition Award - Plan Design & Administration

State of Hawai'i Deferred Compensation Plan 2024 - 2025 Temporary Hazard Pay Deferral Opportunity

The State of Hawai'i Deferred Compensation Plan (aka the Island Savings Plan or I\$P) is a State 457(b) Retirement Plan with \$3.2 billion in assets as of March 2025. About 52% of the Plan's 27,000+ participants are current employees actively contributing to their retirement savings while the remaining percentage are retired or terminated employees who are keeping their investments in their I\$P accounts. Employees employed by the State of Hawai'i and the counties of Kaua'i, Maui, and Hawai'i that are eligible for the State's Employee Retirement System are encouraged to participate in the I\$P to save for their future retirement.

State and county employees were essential during the COVID-19 pandemic to maintain regular business operations. After the State lifted COVID-19 restrictions, union representatives began the long process of negotiations with the various State and county employer groups for Temporary Hazard Pay (THP) Settlements for their members. In early 2024, staff of the I\$P Board of Trustees were informed about the settlements and reached out to Empower to research whether deferrals of similar payments were allowed in the Plan's history and to determine the programing needed to allow a THP deferral into the Plan. The Board of Trustees were informed about the THP Settlements and agreed to allow participants to defer their THP into the Plan. Board staff continued to work with Empower, State departments, and counties to plan and program for the multiple THP Settlements that were negotiated.

Initial meetings between Board staff and Empower started in April 2024. Since then, the I\$P has worked on 12 different union settlements with 5 settlements completed by March 2025. The goals of the multiple THP projects are:

- Allow employees receiving a THP Settlement to defer all or a portion of their THP into their Plan account to increase their retirement savings.
- Have Empower program a mechanism for participants to easily make a THP deferral election online and over the phone.
- Partner with the Department of Accounting and General Services (DAGS) Central Payroll Office on confirming the payroll logistics of the multiple settlements.
- Coordinate with the appropriate State departments, counties, and agencies to learn about their settlements and inform them how the I\$P can support THP deferrals for affected employees.
- Create and provide communication materials to promote and inform employees about the Plan's THP deferral opportunity.

Since a deferral opportunity like the THP hasn't been offered before in the Plan, it was important that the communication pieces were informative and varied to ensure the Plan reached all affected employees. Empower was tasked with creating the many communication pieces that were disseminated. Key aspects and pieces of the communications included:



- Notifying participants that deferring their THP settlement to their Island Savings Plan account was an available option and how they can benefit from this deferral opportunity.
- Encouraging employees that were not enrolled in the Plan to enroll as they had to have an account established prior to electing a THP deferral. The Plan's Enrollment Form and instructions on how to enroll were provided.
- Establishing deadlines for employees to enroll in the Plan and for participants to make a THP election.
- Creating a Step by Step Guide that details how to make a THP deferral election.
- A Frequently Asked Questions (FAQ) document that provided additional information about the THP payment.
- Hosting "How to" webinars that walked the attendees through how to make a THP election online and making the recording of the webinar available on the Plan's website.
- Ensuring participants understood the IRS contribution limits so they could plan their THP deferral elections accordingly.

"The THP project is another opportunity for the Plan's continuing efforts to provide educational outreach to its participants so that they can be successful in reaching their retirement goals." - Board staff

Multiple THP projects were being worked on simultaneously, each with its own unique parameters. The timeline highlighted below reflects one of the completed THP deferrals.

In February 2024, Board staff had been informed about the negotiations for the Hawai'i Government Employees Association (HGEA) THP Settlement for the State of Hawai'i Executive Branch employees. This HGEA THP Settlement was the first THP that Board staff was informed about and the first to be paid out to employees in October 2024. Board staff met with Empower in April 2024 to research unique deferrals in the Plan's history and determine the programming needed to allow a THP deferral. It was quickly recognized that the DAGS Central Payroll Office needed to be included in this THP project and the first meeting with Board staff, Empower, and DAGS was held in June 2024. Following that meeting, Empower worked quickly with their technology partners to create both a manual and automated process to accommodate this new THP deferral option. Another meeting between the three groups was held in July 2024 to confirm that the necessary payroll programming was completed by DAGS and Empower and to review further THP details. Communications for the HGEA THP were finalized quickly by Board staff and Empower and was sent to employees in late July 2024. Board staff, Empower, and DAGS met again in August 2024 to work on final programming details to ensure that the first of two payouts for the HGEA THP on October 4, 2024, would be a success.

Several avenues for communications were used to ensure all employees were reached. Most pieces were provided directly to the individual Departmental Human Resources Officers for dissemination within the departments to the employees receiving a THP. This included an initial notice describing the opportunity to defer their THP settlement to their account, an FAQ document, a Step By Step Guide to making the online elections, and a custom THP Election Form for those who preferred not to make their elections online or over the phone. *Note: Many of the sample documents below can be viewed full screen by clicking on the document.*

IMPORTANT INFORMATION: TIMELY ACTION IS REQUIRED

If you are eligible and qualified to receive the Hawaii Government Employees Association (HGEA) Temporary Hazard Pay (THP) compensation, you may want to consider putting a portion of this payment in the State of Hawaii Deferred Compensation Plan (also known as the Island Savings Plan or Plan). The Island Savings Plan allows you to easily set aside money for your future, helping you meet your retirement goals so you can enjoy a safe and secure retirement.

Please note - in order to defer your THP or a portion of this payment, you must have an Island Savings Plan account already established. If you do not have an Island Savings Plan account, you must quickly enroll to meet the deadlines for the October 2024 THP distribution.

There will be **two steps** in the process to have any portion of your Temporary Hazard Pay set aside in the Island Savings Plan.

- 1) You must have an Island Savings Plan account established.
- 2) You must elect how much of your THP payment you want to contribute to your Island Savings Plan account for the October 2024 THP pay date. The window to make this election will be from August 16, 2024, to September 13, 2024.



STEP 1: Enrolling in the Plan
If you already have an Island Savings Plan account established, skip to STEP 2.

To enroll in the Plan, complete and return the [Enrollment Form](#). The minimum contribution rate for the Plan is \$10 per pay period. You can change your contribution rate at any time. However, please refrain from changing your contribution elections until after September 13, 2024. We want to ensure your account is established to accommodate the Temporary Hazard Pay distribution before changes are made to your ongoing payroll elections.

For detailed information on the investments offered in the Plan, visit [empower.com/islandsavings](#) on your computer and click the INVESTING tab at the top of the page to learn more.

The Plan Enrollment Form must be completed and returned to Empower at the address found on Page 5 of the Form by Friday, August 16, 2024.

Initial Notice

**ISLAND SAVINGS PLAN TEMPORARY HAZARD PAY (THP) DEFERRAL
FREQUENTLY ASKED QUESTIONS**

Note: While it is difficult to anticipate every question that could be raised, the following questions and answers are intended to briefly address the more commonly asked questions related to the deferral of the THP Settlement payment to the Island Savings Plan and is provided for informational guidance only. The applicable negotiated agreements shall take precedence over any conflicting information.

GENERAL

> I'm qualified to receive the THP Settlement payment. Can I elect to defer all or a portion of my THP Settlement payment to the Island Savings Plan?

Yes, provided that:

1. You are eligible to enroll in the Island Savings Plan (i.e., must be ERS-eligible).
2. Have an existing Island Savings Plan account.
3. Register your account for on-line access at empower.com/islandsavings.
4. Make a THP Settlement payment election by the established deadline.

> I'm not enrolled in the Island Savings Plan, how do I enroll in the Plan?

To enroll in the Plan, you must:

- Complete an [Enrollment Form](#) and submit it to Empower.

Via Mail:	Via Fax:
Empower 1100 Alakea Street, Suite 1050 Honolulu, HI 96813	Empower at 808-536-0072



OR

- Contact a local Retirement Plan Advisor and complete an E-2 Enrollment Form.

If you need assistance enrolling in the Plan, contact a local Retirement Plan Advisor in the Honolulu office at 808-714-LOHA (808-712-5642) and select option 2.

IS / THP Settlement 1 December 30, 2024

Frequently Asked Questions

HGEA THP Settlement Election Form

Plan name: (State of Hawaii)
Plan number: 55450-01

Participant Name: _____ Date: _____

Social Security Number or
Taxpayer Identification Number: _____ Department: _____

☐ HGEA THP Settlement: pre-tax deferral amount ☐ HGEA THP Settlement: Roth deferral amount

To be distributed in October 2024* To be distributed in October 2024*

*After the October 2024 distribution, these HGEA THP Settlement Rules elections will be completed.

Participant Signature _____ Date _____

You must have an Island Savings Plan (ISP) account to utilize this form. If this form is received without an established account, the request will be considered invalid. Please contact the local office by August 16, 2024, to enroll in the Plan if you don't already have an ISP account and are want to defer a portion of your HGEA THP Settlement into the Plan.



Signature and Consent:
Participant Consent

I have completed, understand, and agree to the elections made on this form. I understand this election is only for my HGEA THP Settlement payment scheduled for October 2024, and that these elections do not change or supersede any regular pre-tax and/or Roth election rates I have on my Island Savings Plan account. **I also understand that this form must be received at Empower by no later than Friday, September 13, 2024, to be considered for processing for the October 2024 HGEA THP Settlement payment. In using this form to make your elections, Empower cannot guarantee your election will be honored.** The primary way to make this election is through your online ISP account at [empower.com/islandsavings](#) or by calling the Empower Service Center at 888-774-LOHA (888-712-5642) and selecting Option 1. Customer Care representatives are available by phone weekdays from 2 a.m. to 4 p.m. and Saturdays from 9 a.m. to 11:59 a.m. HST. If you select Option 2 to speak with a Retirement Plan Advisor in the local Honolulu office, they can answer questions regarding your Temporary Hazard Pay election, however they cannot process your election for you.

Forward this form to:
Empower
1100 Alakea Street, Suite 1050
Honolulu, HI 96813
Fax: 1-808-536-0572

For Empower processing use only: (note this form must be received by Empower by September 13, 2024)

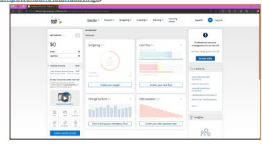
Custom THP Election Form

**ISLAND SAVINGS PLAN (ISP) TEMPORARY HAZARD PAY (THP)
STEP BY STEP GUIDE - MAKING A THP ELECTION ONLINE**

Note: The example provided below is intended as a sample illustration on how to make a THP election online through your Island Savings Plan account. It is not meant to provide any financial advice or recommendations.

STEP 1: Log into your Island Savings Plan Account via the Plan's website at [empower.com/islandsavings](#)



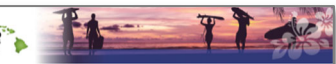

STEP 2: Select Contributions from the Account drop-down menu at the top of the page. Then select My contributions under PAYCHECK CONTRIBUTIONS from the menu on the left.

IS / THP Settlement 1 February 24, 2025

Step-By-Step Guide

As additional unions negotiated their settlements and Board staff was made aware, the Initial Notice, Step By Step Guide, FAQ, and Election Form were modified to apply the parameters of the union's settlement including updates to key deadlines and election processes.

For later settlements, we were able to provide proactive Enrollment Reminders to the employees, giving them additional time to complete the enrollment step, expanding the deferral window for those who had not yet enrolled in the Island Savings Plan.



Be Prepared For the Upcoming Temporary Hazard Pay Settlement Window.

Enroll in the Island Savings Plan Today!

If you are qualified to receive compensation as a result of the Temporary Hazard Pay (THP) settlement, you may want to consider deferring this payment into the State of Hawaii Deferred Compensation Plan (also known as the Island Savings Plan or Plan). The Island Savings Plan allows you to easily set aside money for your future, helping you meet your retirement goals so you can be better prepared for retirement. Instructions on how to elect a THP deferral into the Island Savings Plan will be sent to you in the coming weeks.

To defer your THP or a portion of this payment, YOU MUST HAVE AN ISLAND SAVINGS PLAN ACCOUNT ALREADY ESTABLISHED.

There will be a short window of time in which to complete the enrollment process once the Plan starts accepting THP elections. If you are not enrolled in the Plan and are interested in this deferral opportunity, enroll now so you're ready to make your THP elections when the time comes.

To enroll in the Island Savings Plan:

- Go to the Plan resources tab at empower.com/hawaii/savings to obtain a copy of the Enrollment Form.
- Complete the Enrollment Form in its entirety.
- Mail your completed form to:
Empower
1100 Alakoa Street, Suite 1550
Honolulu, HI 96813

or fax your completed form to 808-536-0572

Please allow 7 to 10 business days from when your Enrollment Form was submitted for Empower to establish your account. After your account is established by Empower, you will need to register your account online. To register, go to the Plan's website at empower.com/hawaii/savings, and click on the Register button. You will be asked to provide account verification information (Social Security Number, ZIP Code, and Date of Birth) to establish your Username and Password.

Already enrolled in the Island Savings Plan?

That's awesome. No action is needed now but watch for upcoming communications on the Temporary Hazard Pay Settlement for 2025.

Need help?

If you have questions or need assistance, please contact one of our Empower Retirement Plan Advisors in the Honolulu office for one-on-one assistance at 888-71-AKOA (888-712-5642) and select option 2, or go to empower.com/hawaii/savings, and click to the *Meet Your Retirement Plan Advisors* link to schedule an appointment.

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Enrollment Reminder Flyer



Don't Let Time Slip By

Enroll in the Island Savings Plan Today

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To enroll in the Island Savings Plan:



- Complete the Enrollment Form in its entirety.
- Mail your completed form to:
Empower
1100 Alakoa Street, Suite 1550
Honolulu, HI 96813

or fax your completed form to 808-536-0572

Please allow 7 to 10 business days from when your Enrollment Form was submitted for Empower to establish your account. After your account is established by Empower, you will need to register your account online. To register, go to the Plan's website at empower.com/hawaii/savings, and click on the Register button. You will be asked to provide account verification information (Social Security Number, ZIP Code, and Date of Birth) to establish your Username and Password.

Enrollment Reminder Email

The Plan was able to expand on the communication materials and outreach for the second HGEA THP payout on March 20, 2025. Custom “How to” presentations were created to provide webinars on the THP deferral opportunity with key deadlines and deferral instructions. Four live webinars were held for employees to attend. After the last session, a recording of the webinar was made available on the Plan website for those who could not attend a live session. Additionally, Empower sent THP reminder emails in January of 2025 to participants that had previously made a THP deferral. The email highlighted that the participant elected a THP deferral in October 2024 and encouraged them to make a THP deferral election for March 2025.



REMINDER: HGEA THP SETTLEMENT WEBINAR SCHEDULE

If you are eligible for the HGEA THP settlement payments to be paid in March, you are invited to make an election on Friday, February 20th.

You are invited to join an Empower Retirement (The Advisor is not your expert) "How To" webinar regarding deferring a portion of your HGEA THP Settlement into your Island Savings Plan account.

To register, click on the links below for the time of your choosing. All webinars are based on Hawaii Standard Time and each webinar will last approximately 45 minutes.

DEFERRING A PORTION OF YOUR HGEA THP TO THE ISLAND SAVINGS PLAN

Join an Empower Retirement (The Advisor is not your expert) "How To" webinar regarding deferring a portion of your HGEA THP Settlement into your Island Savings Plan account. The event will include time for questions and answers.



FEBRUARY 2025			
Webinar Title	Date	Time	Registration Link
Deferring a Portion of Your HGEA THP to the Island Savings Plan	Thursday, February 6	10:00 AM - 10:45 AM	Click Here
	Thursday, February 6	2:00 PM - 2:45 PM	Click Here

Unable to attend in person? You can now [view the recorded presentation](#) **here**. Please note that the information in the presentation is only applicable to the HGEA THP payment scheduled for March 2025.

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Webinar & Recording Invite



How Do I Make My HGEA THP Election Online

My Contributions

Temporarily Deferring Contributions Only

How Do I Make My HGEA THP Election Online

FOR ALL INFORMATION PURPOSES ONLY

ISLAND SAVINGS PLAN

Temporary Hazard Pay Deferral Opportunity 2025

State of Hawaii's Deferred Compensation Plan

THP Settlement Presentation

The Island Savings Plan team of local Retirement Plan Advisors (RPAs) made themselves available to answer questions about the THP deferral opportunity throughout the entire process. The RPAs provided guidance on how to enroll in the Plan, the deferral election process, important deadlines, and explained contribution limits. The RPAs also helped participants who didn't submit a THP election adjust their regular contributions to offset the THP deferral opportunity.

The results of the Plan's 5 completed THP Settlements are as follows:

1. Executive Branch HGEA THP – October 2024 and March 2025 payout
 - a. 170 live webinar attendees and 470 views of the recorded webinar.
 - b. 1,181 THP elections received totaling **\$6,990,479** in October
 - c. 1,159 THP elections received totaling **\$7,614,329** in March
2. Legislative Branch THP – October 2024 and March 2025 payout
 - a. 18 THP elections received totaling **\$90,644** in October
 - b. 18 THP elections received totaling **\$88,582** in March
3. County of Kaua'i United Public Workers THP – February 2025 payout
 - a. 16 THP elections received totaling **\$154,494**
4. County of Kaua'i HGEA – March 2025 payout
 - a. 65 THP elections received totaling **\$562,254**
5. Hawai'i Fire Fighter Association THP – April 2025 payout
 - a. 13 THP elections received to date, totaling **\$188,000**

Through the efforts of the Plan, State, and Empower, the result was nearly **\$15 million** set aside for the retirement future for these participants.

"As a proud Board member of the Hawai'i Deferred Compensation Plan, I'm pleased to highlight the impactful collaboration between our Board, the Department of Accounting and General Services (DAGS), Empower, and several State agencies. Together, we prioritized clear communication, shared goals, and timely execution to ensure successful processing of settlement contributions into the Deferred Compensation Plan. Empower's efficiency and DAGS's administrative support were instrumental in meeting critical timelines. Each partner demonstrated strong commitment to fiduciary responsibility and operational excellence. This collaboration exemplifies how effective coordination can serve public employees at the highest level. We are proud of the results and remain committed to continued excellence." – Island Savings Plan, Trustee Lance Larsen, Jr.

The keys to making these individual campaigns successful were close coordination among all parties involved, the ability to offer Plan participants multiple options for making their elections and, most importantly, clear communication across multiple channels to ensure participants fully understood what steps they needed to take and by when. Given ample time and the ability to coordinate amongst the appropriate agencies; state and local government retirement plans who are provided a similar lump-sum contribution option for their employees could provide similar campaign messages to drive positive retirement outcomes.