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Reminders

Stay on track! During National Save for Retirement Week, October 18–24, 2009, review your account and investments to make sure you're saving enough.

Daylight Saving Time will end on Sunday, November 1, 2009. Effective Monday, November 2, 2009, online and telephone transactions completed by 11:00 a.m. HST will be effective the same business day. Transactions made after 11:00 a.m. HST will be effective the next business day.

New program for upgrading ERS benefits

Participants may use money in their Island Savings Plan accounts to increase service credits that will upgrade their Employees' Retirement System (ERS) retirement benefits.

Under the ERS Hybrid Plan Service program that began October 1, 2009, eligible participants may upgrade their Noncontributory Plan Service to Hybrid Plan Service.

To participate, mail the ERS Hybrid Plan Upgrade Transmittal and Remittance forms to ING, 1003 Bishop Street, Suite 1160, Honolulu, HI 96813 (or fax to (808) 521-1863). Employees planning to retire on December 31, 2009, must send their completed forms to ING no later than **December 1, 2009**.

Letters about the Hybrid Plan Upgrade Program were mailed to all participants. For more information, go to www.islandsavings.ingplans.com or call **(888) 712-5642**. Select option 1 for a Plan service representative or option 2 for the local ING office. ●

Employees' Benefits Fair coming to Maui

Date: Thursday, November 12, 2009

Time: 9:00 a.m. - 3:00 p.m.

Location: Maui Tropical Plantation
and Country Store
1670 Honoapiilani Highway
Wailuku, HI 96793

The Plan has received many comments that the Employees' Benefits Fairs have been a good way of staying informed on the latest investment fund changes, updates within the Plan, and the other available employee benefit programs. Come and learn more at the next Employees' Benefits Fair on Maui and find out about the newest features and services offered by the Island Savings Plan.

Representatives of the various Plan investment providers will be available to answer your questions on the investment options in the Plan, and a number of other benefit plan administrators will be available to provide information regarding your other employment benefits. Don't miss this convenient opportunity to get informed about these important benefits that are available to you! ●

Plan receives leadership recognition awards



The Island Savings Plan recently received national recognition for excellence from the National Association of Government Defined Contribution Administrators (NAGDCA). The Plan's campaign for the new Investment

Advice Service received recognition in the effective communication category. In addition, the Plan received recognition in the plan design and administration category for recent Plan enhancements, including the addition of the Investment Advice service, Employees' Retirement System upgrade of service option, participant educational opportunities, and streamlined restructuring of the Plan's investment options. ●

LOCAL OFFICE

1003 Bishop Street
Pauahi Tower, Suite 1160
Honolulu, Hawaii 96813

OFFICE HOURS

8:00 a.m. to 5:00 p.m. (HST)

PUBLIC PARKING

Bishop Square Parking Garage
(entrance on Alakea Street)

INFORMATION LINE

1-888-71-ALOHA (1-888-712-5642)

PLAN WEB SITE

<https://islandsavings.ingplans.com>

STATE WEB SITE

<http://hawaii.gov/hrd>

KAPENA KIM

Oahu/Honolulu

SHEILA FRIED

Maui / Big Island / Molokai / Lanai

PETER EDDY

Oahu / Kauai / Big Island

MELODY TAKACS, PLAN MANAGER

Honolulu

Fund Updates

Effective October 15, 2009: The Wells Fargo Large Company Growth Fund was replaced by the **Mainstay Large Cap Growth Fund**. On October 14, 2009, all balances in the Wells Fargo Large Company Growth Fund automatically transferred to the Mainstay Large Cap Growth Fund and became available for trading activity on October 15, 2009. Details on the fund change were mailed to participants and posted on the Plan's Web site.

The Stable Value rate:

Effective October 1, 2009, the fourth quarter rate for the Stable Value Fund is **4.47%**.

On the watch list:

- INVESCO, the co-manager of the Stable Value Fund.

Know your score to protect your credit

It used to be possible for almost anyone to be approved for credit cards, auto, personal or student loans, and even mortgages. Since the global economy's slowdown began in 2008, credit markets have tightened and the rules of creditworthiness have changed.

Credit is harder to get.

You may find it more difficult to qualify for auto loans, a mortgage, or new credit cards, even if you've had good credit in the past. Credit is in shorter supply from banks and other lenders that suffered major losses on mortgages and credit cards as a result of the recession. Another reason is that the three major credit bureaus — Equifax, Experian, and TransUnion — changed their formulas for calculating credit scores.

What's a credit score?

The credit bureaus collect personal and financial information about consumers from a variety of sources, including creditors, lenders, utilities, debt collection agencies, and public records. An individual's credit report contains this data which credit bureaus also use to calculate a credit score, ranging from 300 to 850 points. The higher the score, the better. Some factors that affect credit scores include:

- Length of credit history
- Types of credit held
- Payment history
- Amount of credit used versus amount available

Banks and other lenders look at your credit score whenever you apply for any loan or credit card. A high score makes the approval process go smoothly and brings the best interest rates. With a low score, you may pay higher interest rates, need a co-signer for a loan, or be turned down.

A low credit score results from black marks on a credit record caused by:

- Late payments
- Too many applications for credit in a short period
- A limited credit history or insufficient credit
- Bankruptcy
- Recordkeeping errors

To access your credit score online, go to **equifax.com**, **myfico.com**, or **scorepower.com**. Review the terms of any trial offers or fees carefully before accessing your credit profile or providing your credit card information online.



Request a free report.

Monitoring your credit report is an important responsibility. Check the accuracy of your personal and financial data by requesting your credit report regularly, at least once a year. By federal law, you are entitled to a free annual credit report from each of the three major credit bureaus. To order your free copy, go to **annualcreditreport.com**, the Web site maintained by the three companies. If you prefer, contact them individually:

- **Equifax** (800) 997-2493 equifax.com
- **Experian** (888) 397-3742 experian.com
- **TransUnion** (800) 888-4213 transunion.com

Improve your credit rating

Correct errors.

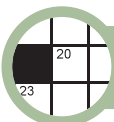
If your credit record is inaccurate, you could be denied credit. Here are mistakes to watch out for: false late payments, accounts that don't belong to you, accounts you closed but that are still listed as open, and personal information that is misspelled or outdated. If you find a mistake, notify a credit bureau immediately.

Pay on time.

As soon as you receive a bill, check the payment due date to be sure it hasn't changed. Know the key information about your accounts: interest rates, number of days in your billing cycle, fees for late payment, and the default interest rate if you make a late payment. If you don't pay your mortgage or bills on time, you will be charged late fees and your late payment may be reported to a credit bureau.

Be proactive.

With credit in short supply and unemployment rising, more people are finding themselves in trouble when their financial resources become limited. If you can't keep up with payments, call your creditors right away. Let them know about your circumstances and ask them to work with you. If you need help, find a reputable credit counselor. ●



This article's concepts are the theme of the puzzle on page 4. *Just for fun, solve it!*



Managing cash flow during your retirement

If you want to stretch your retirement savings to make them last, here are some money management strategies to consider.

Delay if you can.

Try to postpone withdrawing money from your retirement accounts so they continue to accumulate tax deferred for as long as possible.

If your pension and Social Security income doesn't cover your living expenses, consider drawing down what you need from bank accounts or taxable brokerage accounts first. Your choice of which accounts to tap, the amounts, and the timing can affect how well you live in retirement.

Withdraw wisely.

Smaller withdrawals from your retirement accounts in the first few years after you retire could lead to greater long-term financial security. You could give your retirement savings a 90 percent chance of lasting 30 years if you withdraw no more than four percent of your savings during the first year of retirement.

Later, you could increase your withdrawals annually for inflation. Or you could skip the adjustment for inflation for a few years, leaving more in your accounts to continue compounding.

If your withdrawal rate must exceed four percent at the beginning of your retirement, think of ways to reduce your expenses. You want to limit how much you take out of your accounts up front to minimize your risk of running out of money.

Create a budget.

Track your expenses over a few months. Write down what you spend on necessities, such as housing, food, taxes, and insurance, as well as discretionary expenses, such as travel and entertainment. Once you have a budget in place, it's easier to calculate how much you need to withdraw from your accounts. Knowing where your money goes can also empower you to make the most of it.

Review regularly.

To help stay on track, you and your spouse or partner should review your income sources, expenses, investments, and asset allocation every year. ●

Separating retirement truths from myths

Myth: One income source will suffice.

Truth: Most retirees cannot rely on only one income source to meet their financial needs. You are likely to need income from a number of sources: your employer-sponsored retirement plan, Social Security benefits (if you are eligible), and personal savings and investments. Since you can't assume one income source will be enough, take full advantage of every opportunity to invest for retirement.

Myth: Retirement means moving to a retirement community or a nursing home.

Truth: The vast majority of older people maintain independent households in the communities where they've lived for many years, often near their friends and children.

Myth: Retirement means slowing down.

Truth: According to one poll, the majority of Americans think of retired people as lonely, bored, or in ill health. But the vast majority of retirees see things differently. They describe themselves as engaged in life, active, and in good health. Some who retire begin a second career, take a part-time position, or pursue a busy schedule as a volunteer. Americans are living longer, healthier lives than at any other time in history. ●

Give me some credit

Here's a fun way to test your knowledge after you read *Know your score* to protect your credit on page 2. Discover this puzzle's theme hidden in 21-, 36-, and 58- Across.

ACROSS

1. Boss
7. "___ we having fun yet?"
10. Coconut fiber
14. Bind
15. Come together
16. Uncommon (archaic)
17. Placed soldier on trial
20. Oolong, for one
21. How to help your credit score (3 words)
22. Color of red
25. "Harper Valley ___"
26. Masefield play "The Tragedy of ___"
27. "Catch-22" pilot
28. Network of blood vessels
30. Transmitted
31. Cut
34. "I see!"
36. Question for credit bureaus (3 words)
40. Not just "a"
41. Interview after voting
43. Units of work
46. ___ carotene
47. "It's no ___!"
48. Clinton, e.g.: abbr.
49. In favor of
51. Rendered capable
54. Abdominal surgery
57. "Them"
58. A borrower's question (3 words)
62. 100 centavos
63. Aged
64. Mame, for one
65. At one time, at one time
66. "Comprende?"
67. Catches some Zs

1	2	3	4	5	6		7	8	9		10	11	12	13
14							15				16			
17							18				19			
		20					21							
22	23					24			25			26		
27						28		29			30			
31			32	33					34	35				
	36								37			38	39	
			40				41							42
43	44	45					46					47		
48				49	50			51		52	53			
54			55					56			57			
58										59			60	61
62						63				64				
65						66				67				

Solution

S	D	E	E	T	S		E	E	S	I	S	E		
E	I	I	N	V	D	O	O	S	E					
A	H	I	R	O	M	T	I	D	R	O	T	W		
E	O	E	N	V	I	R	V	A	S	E	V			
D	E	L	B	V	N	E	R	O	E	N	E	S		
E	S	U		L	A	B	E	S	O	R	E			
L	L	O	P	L	I	X	E	H	I					
E	R	O	O	S	E	S	T	L	I	S	H	W		
I	N	E		H	V									
D	E	C	R	E	V	E	R	E						
I	N	E		R	E	T	E							
N	V	N		V	L	P	L	E	T		S	C	A	R
E	M	I		N	O	A	V	A	T	E				
D	E	L	V	I	T	A	R	V	A		C	O	A	D
O	C	N	U		T	E		C	V	A	T	I	N	E
C	O	I	R			A	R	E		O	D	D	O	T

DOWN

1. Crime investigator
2. "Walking on Thin Ice" singer
3. Greek biographer
4. Risk taker
5. In base 8
6. Beauty
7. City on the Yamuna River
8. Enter again
9. "Four Quartets" poet
10. Kind of film
11. Wired
12. Professional killer
13. Gnawer
18. Best suited
19. "___ Ng" (They Might Be Giants song)
22. Ground cover
23. Hands
24. Clear, as a disk
29. Giggle
30. Boutique
32. "Darn it all!"
33. Addis Ababa's land: abbr.
34. ___ flu
35. Appear
37. Magnitude
38. Gambling game
39. "... or ___!"
42. Certain digital watch face, for short
43. Break
44. Tool to drill holes
45. Granite-like rock
46. Restrain
49. ___ cry
50. Nabisco cookies
52. In conflict with, with "of"
53. Carried
55. Sean Connery, for one
56. Assistant
59. Functioned as
60. Cool
61. "Absolutely!"



(888) 71-ALOHA Plan Information Line
<https://islandsavings.ingplans.com> Plan Web site

This newsletter is not intended to provide legal, tax, or investment advice. For such advice, participants should contact their legal, tax, or investment advisers.

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quarterly calendar

The New York Stock Exchange is closed:

- Thursday, November 26, 2009
- Friday, December 25, 2009
- Friday, January 1, 2010
- Monday, January 18, 2010

Transactions made on these days will be processed the following business day.

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