



Simplify...

your investment decision

There is no “one size fits all” approach to investing, and not everyone has the interest or time to choose investments. Fortunately, Vanguard makes it easy—just choose the option that’s best for you. Then turn to the page listed and learn how to implement your decision.

**Option 1. One step investing** (See page 2.)

Choose a Vanguard® Target Retirement Fund, a balanced mix of investments based on the year you plan to retire. Pick one fund for your future contributions—and you’re done.

**Option 2. Take Vanguard’s advice** (See page 3.)

Follow Vanguard fund recommendations, based on your results after completing Vanguard’s Investor Questionnaire.

**Option 3. Do it yourself** (See page 4.)

Select your own funds to make up a personalized portfolio just for you. Consider completing the Investor Questionnaire to compare your choices to Vanguard’s suggested asset allocation and fund recommendations.

# Option 1: One step investing

## Vanguard Target Retirement Funds

Vanguard Target Retirement Funds take the guesswork out of investing. Invest in the one fund that's closest to the year when you intend to retire (using age 65 as your guideline). The date-specific Target Retirement Funds are broadly diversified funds that gradually and automatically shift to more conservative investments over time. (A sixth fund, Vanguard Target Retirement Income Fund, maintains a fixed allocation intended to provide retirees with income while preserving the original investment.) When you select one of these funds, you can be done with investing decisions—for good.

Although these funds can simplify investment selection, all mutual fund investing is subject to risk. Diversification does not ensure a profit or protect against a loss in a declining market.

### Select the *one* Target Retirement Fund that's closest to your expected year of retirement:

- Vanguard Target Retirement 2045 Fund
- Vanguard Target Retirement 2035 Fund
- Vanguard Target Retirement 2025 Fund
- Vanguard Target Retirement 2015 Fund
- Vanguard Target Retirement 2005 Fund

It's that easy! Partnered with a long-term savings program, Vanguard Target Retirement Funds can provide a simple solution to selecting your retirement plan investments.

### Take action

You've chosen a Target Retirement Fund. Now what?

- **Go online at [www.vanguard.com](http://www.vanguard.com).** Visit [www.vanguard.com](http://www.vanguard.com) to make changes to your investments. Vanguard.com® also gives you 24-hour access to your account, Vanguard fund information, and financial planning tools.
- **Call Vanguard at 800-523-1188.** Make changes to your investments through the automated VOICE® Network at any time or speak with a Vanguard Participant Services associate for answers to your questions Monday through Friday from 8:30 a.m. to 9 p.m., Eastern time.

# Option 2: Take Vanguard's advice

## Vanguard's fund recommendations

Complete Vanguard's Investor Questionnaire and pick the *one* portfolio that matches your score. You can learn more about each type of portfolio once you complete the Investor Questionnaire and determine your score. The questionnaire can be found in this brochure on page 5 or online at <http://iq.vanguard-education.com>. Depending on your preference, Vanguard has provided two approaches to select from:

- "Index only" portfolios, which only include index funds.
- "Index/Active" portfolios, which include a combination of index and actively managed funds that try to outperform similar funds or benchmarks.

(If you'd like more information on these two approaches, go to page 7).

### Take action

You've completed the Investor Questionnaire and selected your portfolio. Now what?

- **Go online at [www.vanguard.com](http://www.vanguard.com).** Visit [www.vanguard.com](http://www.vanguard.com) to make changes to your investments. Vanguard.com® also gives you 24-hour access to your account, Vanguard fund information, and financial planning tools.
- **Call Vanguard at 800-523-1188.** Make changes to your investments through the automated VOICE® Network at any time or speak with a Vanguard Participant Services associate for answers to your questions Monday through Friday from 8:30 a.m. to 9 p.m., Eastern time.

# [www.vanguard.com](http://www.vanguard.com)

# Option 3: Do it yourself

## Select your own funds

If you have the time and inclination to create your own diversified investment mix, choose one or more funds from your individual fund lineup.

If you choose to create your own mix of funds, you can use Vanguard's Investor Questionnaire to help you determine the appropriate asset class mix for your portfolio. The Questionnaire can be found starting on page 5 or online at <http://iq.vanguard-education.com>.

Your plan offers a wide selection of investment alternatives. Call Vanguard to request additional information or visit [www.vanguard.com](http://www.vanguard.com).

**Remember:** To stay on track, you will need to periodically review your portfolio to see if your allocation still matches your original target allocation, as suggested by the Investor Questionnaire. If you find that your current and target mixes differ substantially, consider making changes to rebalance your portfolio.

## Take action

You've selected your funds. Now what?

- **Go online at [www.vanguard.com](http://www.vanguard.com).** Visit [www.vanguard.com](http://www.vanguard.com) to make changes to your investments. Vanguard.com also gives you 24-hour access to your account, Vanguard fund information, and financial planning tools.
- **Call Vanguard at 800-523-1188.** Make changes to your investments through the automated VOICE Network at any time or speak with a Vanguard Participant Services associate for answers to your questions Monday through Friday from 8:30 a.m. to 9 p.m., Eastern time.

# 800-523-1188

# Vanguard's Investor Questionnaire

**This questionnaire is designed to provide an asset allocation that may be appropriate for you. By using this investment planning tool, you acknowledge that you have read and understood the information provided, and that you agree to the Terms and Conditions of Use at the end of this brochure.**

Answer these questions with one specific financial goal in mind, such as retirement. Don't use this questionnaire for goals that require you to spend all of your money for the goal within the next two years. Savings for short-term objectives should be invested in stable investments—primarily short-term reserves.

To determine your investment approach for other goals, fill out the questionnaire as many times as you like, with a different goal in mind each time.

If you want to complete Vanguard's Investor Questionnaire online, visit <http://iq.vanguard-education.com>.

## 1. I plan to begin taking money from my investments in . . .

- |                   |                       |
|-------------------|-----------------------|
| A. 1 year or less | D. 6–10 years         |
| B. 1–2 years      | E. 11–15 years        |
| C. 3–5 years      | F. More than 15 years |

## 2. As I withdraw money from these investments, I plan to spend it over a period of . . .

- |                    |                       |
|--------------------|-----------------------|
| A. 2 years or less | D. 11–15 years        |
| B. 3–5 years       | E. More than 15 years |
| C. 6–10 years      |                       |

## 3. When making a long-term investment, I plan to keep the money invested for . . .

- |              |                      |
|--------------|----------------------|
| A. 1–2 years | D. 7–8 years         |
| B. 3–4 years | E. More than 8 years |
| C. 5–6 years |                      |

## 4. From August 31, 2000, through March 31, 2001, stocks lost more than 25%. If I owned a stock investment that fell more than 25% in seven months, I would . . . (If you owned stocks during this period, please select the answer that matches your actions at that time.)

- |  |   |
|--|---|
| A. Sell all of the remaining investment  | C. Hold on to the investment and sell nothing |
| B. Sell some of the remaining investment | D. Buy more of the investment                 |

## 5. Generally, I prefer an investment with little or no ups or downs in value, and I am willing to accept the lower returns these investments may make.

- |                        |                     |
|------------------------|---------------------|
| A. I strongly disagree | D. I agree          |
| B. I disagree          | E. I strongly agree |
| C. I somewhat agree    |                     |

**6. When the market goes down, I tend to sell some of my riskier investments and put the money in safer investments.**

- A. I strongly disagree
- B. I disagree
- C. I somewhat agree
- D. I agree
- E. I strongly agree

**7. Based only on a brief conversation with a friend, coworker, or relative, I would invest in a mutual fund.**

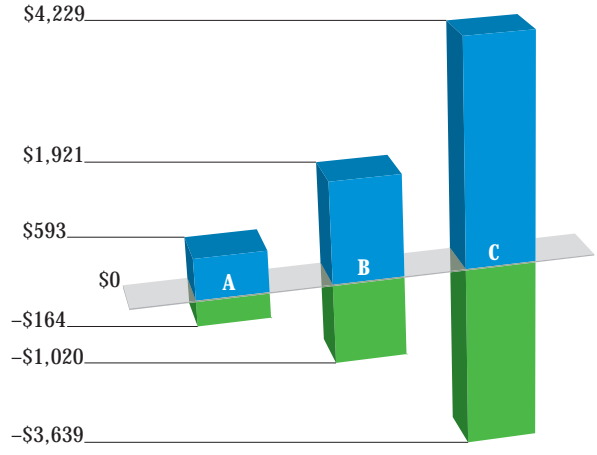
- A. I strongly disagree
- B. I disagree
- C. I somewhat agree
- D. I agree
- E. I strongly agree

**8. From January 31, 1999, through December 31, 1999, some bonds lost almost 9%. If I owned a bond investment that lost 9% in 11 months, I would . . . (If you owned bonds during this period, please select the answer that matches your actions at that time.)**

- A. Sell all of the remaining investment
- B. Sell some of the remaining investment
- C. Hold on to the investment and sell nothing
- D. Buy more of the investment

**9. The chart to the right shows the highest one-year loss and the highest one-year gain on three different hypothetical investments of \$10,000.\* Given the potential gain or loss in any one year, I would invest my money in . . .**

- A. Investment A
- B. Investment B
- C. Investment C



\*The maximum gain or loss on an investment is impossible to predict. The ranges shown in the chart are hypothetical and are designed solely to gauge an investor's risk tolerance.

**10. My current and future income sources (such as salary, Social Security, pension) are . . .**

- A. Very unstable
- B. Unstable
- C. Somewhat stable
- D. Stable
- E. Very stable

**11. When it comes to investing in stock or bond mutual funds (or individual stocks or bonds), I would describe myself as . . .**

- A. Very inexperienced
- B. Somewhat inexperienced
- C. Somewhat experienced
- D. Experienced
- E. Very experienced

### Answer key

Use the following answer key to score your questionnaire. For example, if you answered “C” to question 1, give yourself 4 points.

|  | A | B | C | D | E  | F  | Points |
|--|---|---|---|---|----|----|--------|
| 1.   | 0 | 1 | 4 | 7 | 12 | 17 |        |
| 2.   | 0 | 1 | 3 | 5 | 8  | -  |        |
| 3.   | 0 | 1 | 3 | 5 | 7  | -  |        |
| 4.   | 1 | 3 | 5 | 6 | -  | -  |        |
| 5.   | 6 | 5 | 3 | 1 | 0  | -  |        |
| 6.   | 5 | 4 | 3 | 2 | 1  | -  |        |
| 7.   | 5 | 4 | 3 | 2 | 1  | -  |        |
| 8.   | 1 | 3 | 5 | 6 | -  | -  |        |
| 9.   | 1 | 3 | 5 | - | -  | -  |        |
| 10.  | 1 | 2 | 3 | 4 | 5  | -  |        |
| 11.  | 1 | 2 | 3 | 4 | 5  | -  |        |
| <b>Add up your score and enter the total here:</b> |   |   |   |   |    |    | _____  |

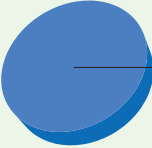
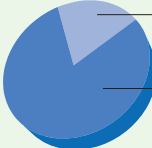
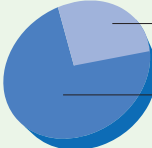
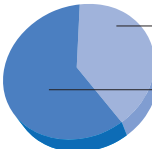
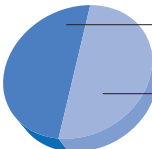
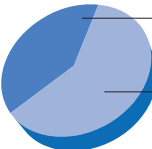
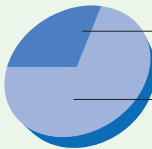
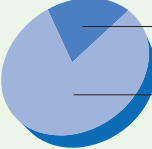
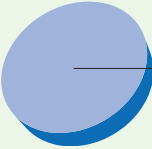
Use your score to find your suggested mix and fund recommendations on page 8.

### Depending on your score, you may have two portfolios to choose from:

- **Index-only funds.** These portfolios are made up of only index funds, sometimes called passively managed funds. Index funds don't try to beat the market. Instead, managers of index funds seek to closely track the performance of a target market index. Index funds buy and hold all or a representative sample of the securities in the index.
- **Index/active funds.** These portfolios are made up of a combination of index and actively managed funds. In an actively managed fund, a fund manager tries to outperform similar funds or an appropriate market benchmark. To do this, managers use research, market forecasts, and their own judgment and experience to buy and sell securities.

Remember that an active fund attempts to earn better returns than an index. But unlike an index fund, an active fund will not automatically perform well simply because the index performs well, nor will it always perform poorly if the index is in decline.

# Vanguard's fund recommendations

|          | Overall score | All indexed portfolios  |  |
|----------|---------------|---|--|
| Income   | 7–22 points   |    | 100% Vanguard Total Bond Market Index Fund   |
|          | 23–28         |    | 15% Vanguard Total Stock Market Index Fund<br>5% Vanguard Total International Stock Index Fund<br>80% Vanguard Total Bond Market Index Fund  |
|          | 29–35         |    | 25% Vanguard Total Stock Market Index Fund<br>5% Vanguard Total International Stock Index Fund<br>70% Vanguard Total Bond Market Index Fund  |
| Balanced | 36–41         |   | 30% Vanguard Total Stock Market Index Fund<br>10% Vanguard Total International Stock Index Fund<br>60% Vanguard Total Bond Market Index Fund |
|          | 42–48         |  | 40% Vanguard Total Stock Market Index Fund<br>10% Vanguard Total International Stock Index Fund<br>50% Vanguard Total Bond Market Index Fund |
|          | 49–54         |  | 50% Vanguard Total Stock Market Index Fund<br>10% Vanguard Total International Stock Index Fund<br>40% Vanguard Total Bond Market Index Fund |
| Growth   | 55–61         |  | 55% Vanguard Total Stock Market Index Fund<br>15% Vanguard Total International Stock Index Fund<br>30% Vanguard Total Bond Market Index Fund |
|          | 62–68         |  | 65% Vanguard Total Stock Market Index Fund<br>15% Vanguard Total International Stock Index Fund<br>20% Vanguard Total Bond Market Index Fund |
|          | 69–75         |  | 80% Vanguard Total Stock Market Index Fund<br>20% Vanguard Total International Stock Index Fund  |

■ Stocks ■ Bonds

## Index/Active portfolios

All index portfolio recommended

All index portfolio recommended

All index portfolio recommended

15% Vanguard Total Stock Market Index Fund  
10% Vanguard Total International Stock Index Fund  
5% Vanguard Windsor™ II Fund

5% Vanguard Morgan™ Growth Fund  
5% Vanguard Explorer™ Fund  
60% Vanguard Total Bond Market Index Fund

25% Vanguard Total Stock Market Index Fund  
10% Vanguard Total International Stock Index Fund  
5% Vanguard Windsor II Fund

5% Vanguard Morgan Growth Fund  
5% Vanguard Explorer Fund  
50% Vanguard Total Bond Market Index Fund

25% Vanguard Total Stock Market Index Fund  
10% Vanguard Total International Stock Index Fund  
10% Vanguard Windsor II Fund

10% Vanguard Morgan Growth Fund  
5% Vanguard Explorer Fund  
40% Vanguard Total Bond Market Index Fund

25% Vanguard Total Stock Market Index Fund  
15% Vanguard Total International Stock Index Fund  
10% Vanguard Windsor II Fund

10% Vanguard Morgan Growth Fund  
10% Vanguard Explorer Fund  
30% Vanguard Total Bond Market Index Fund

35% Vanguard Total Stock Market Index Fund  
15% Vanguard Total International Stock Index Fund  
10% Vanguard Windsor II Fund

10% Vanguard Morgan Growth Fund  
10% Vanguard Explorer Fund  
20% Vanguard Total Bond Market Index Fund

40% Vanguard Total Stock Market Index Fund  
20% Vanguard Total International Stock Index Fund  
15% Vanguard Windsor II Fund

15% Vanguard Morgan Growth Fund  
10% Vanguard Explorer Fund

# Vanguard Advisers, Inc.

Vanguard Advisers, Inc. (VAI), provides advisory services to a wide variety of clients. This brochure contains information about VAI and describes the advisory services VAI provides. These services consist of products and tools that help users:

- Make asset allocation decisions (i.e., decisions about what percentage of assets to invest in stocks, bonds, and short-term reserves).
- Select specific funds that are appropriate based on the recommended asset allocation.

## What is VAI?

VAI is an indirect subsidiary of The Vanguard Group, Inc., the sponsor and manager of the Vanguard family of mutual funds. VAI is registered as an investment advisor with the U.S. Securities and Exchange Commission.

## VAI's advisory services

VAI offers advisory services through a variety of products and tools (investment planning tools) designed to assist you in achieving your long-term investment goals. The investment planning tools include interactive programs accessed through Vanguard's website, diskettes that you upload onto your personal computer, paper-based products, and conversations with telephone representatives.

All the investment planning tools use Vanguard's Investor Questionnaire, which takes into account your investment objectives, investment experience, risk tolerance, and time horizon. Based on your answers to the questionnaire, you receive a score. Your score correlates to a particular asset allocation.

Some of the investment planning tools provide asset allocation advice only. Others will suggest a mix of Vanguard funds (and in some cases a single Vanguard fund) that you can invest in to implement the asset allocation. In other words, if your score on the Investor Questionnaire results in a recommended asset allocation of 60% stocks and 40% bonds, the suggested mix of Vanguard funds would have an overall market exposure that is roughly 60% stocks and 40% bonds.

Different mixes of funds can be used to achieve the same asset allocation. As a result, different investment planning tools may suggest different mixes of funds for the same asset allocation. For example, some of the investment planning tools are customized to participants in a particular retirement plan and, therefore, identify only funds that are available through the plan. In most cases, how you allocate your assets among stock, bonds, and short-term reserves will be more important in determining the long-term return and volatility of your portfolio than the particular funds you select.

You are, of course, under no obligation to accept the suggestions provided by an investment planning tool. If you choose to do so, it is up to you to contact Vanguard (or your retirement plan recordkeeper) to initiate the transaction. Neither VAI nor Vanguard is authorized to make decisions regarding your investments.

## VAI's investment methodology

VAI's methodology incorporates its own investment philosophies and beliefs, such as the benefits of low costs, diversification, and indexing. The methodology, which is approved and periodically reviewed by senior Vanguard management, is based on Vanguard's own fundamental research, as well as research obtained from a wide variety of external sources, both public and private. The methodology is driven by long-term financial goals, not by market-timing or short-term investment performance. Rather than attempting to predict which investments will provide superior performance at any given time, VAI generally attempts to minimize risk by recommending that you maintain a broad diversification among investments from a variety of market sectors and asset classes.

## Investing involves risk

There is no assurance that you will achieve positive investment returns or that your investment objectives will be achieved. Although VAI will recommend investments and strategies that are consistent with widely held principles of long-term investing, diversification, and prudent investment management, all investments are subject to risk. These risks are described in the prospectuses of the Vanguard funds, which you should read before investing. Fluctuations in the financial markets and other factors may cause declines in the value of your investment, over short or even extended periods of time. As with any investment, you could lose money.

## Fees and other costs

There is no fee charged to users of the investment planning tools described in this brochure. In addition, the purchase or sale of Vanguard fund shares (whether or not suggested by an investment planning tool) is not subject to a load, sales charge, or commission. However, each Vanguard fund incurs advisory, administrative, and custodial fees, as well as other fees and expenses, that it pays out of its own assets. These costs, which in the aggregate are referred to as the fund's "expense ratio," are indirectly borne by the fund's shareholders. Please consult the prospectus for information about a specific fund's expense ratio.

Some funds may charge purchase or redemption fees on the purchase or sale of shares. These fees, designed to offset the cost of buying and selling securities, are paid directly to the fund and are not sales charges. If applicable, these fees will be assessed on your purchase or deducted from your redemption proceeds, in accordance with the conditions set forth in the prospectus of the particular fund bought or sold.

## Who's who at VAI

The following individuals are either principal officers of VAI or are responsible for determining VAI's investment methodology (or in some cases both).

**John J. Brennan.** Mr. Brennan is a director and president of Vanguard Advisers, Inc. Mr. Brennan also serves as director and chairman of the board of The Vanguard Group, Inc. Associated with Vanguard since 1982, he holds an A.B. from Dartmouth College and an M.B.A. from Harvard Business School.

**R. Gregory Barton.** Mr. Barton is general counsel, secretary of Vanguard Fiduciary Trust Company, and a managing director of the Legal Department. Mr. Barton joined Vanguard in 1982. A graduate of Colgate University, he earned his J.D. from the Marshall-Wythe School of Law of the College of William & Mary and a master's in taxation from the Temple University School of Law.

**James H. Gately.** Mr. Gately is a director of Vanguard Advisers, Inc., and is a managing director of The Vanguard Group, Inc. He holds an A.B. from Wesleyan University and an M.B.A. from Harvard Business School.

**F. William McNabb, III.** Mr. McNabb is a director of Vanguard Advisers, Inc., and is a managing director of The Vanguard Group, Inc. He holds an A.B. from Dartmouth College and an M.B.A. from The Wharton School, University of Pennsylvania.

**Michael S. Miller.** Mr. Miller is a director of Vanguard Advisers, Inc., and is a managing director of The Vanguard Group, Inc. He holds a B.A. from the University of Virginia and a J.D. from the University of Virginia School of Law.

**Ralph K. Packard.** Mr. Packard is a director of Vanguard Advisers, Inc., and is chief financial officer of The Vanguard Group, Inc. He holds a B.A. from Holy Cross College and an M.B.A. from Cornell University.

**George U. Sauter.** Mr. Sauter is a director of Vanguard Advisers, Inc. and is chief investment officer of The Vanguard Group, Inc. He holds an A.B. from Dartmouth College and an M.B.A. from the University of Chicago.

VAI receives mail at P.O. Box 2900, Valley Forge, PA 19482-2900. For additional information about VAI, please call **800-523-1188**. Shares of the Vanguard funds are distributed by Vanguard Marketing Corporation, a registered broker-dealer that is a wholly owned subsidiary of Vanguard.

## **Terms and Conditions of Use for Vanguard's Investor Questionnaire**

This brochure is designed to help you decide how to allocate the assets in your retirement plan among different asset classes (stocks, bonds, and short-term reserves) and among different funds available through your plan. You are under no obligation to accept the suggestions provided by the brochure.

The suggestions provided are based on generally accepted investment principles. There is no guarantee, however, that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of retirement income. All investments involve risks, and fluctuations in the financial markets and other factors may cause declines in the value of your plan account.

Please bear in mind that the fund or mix of funds suggested for each asset allocation is only one of many possible ways to implement the allocation. Other funds available through your plan, or different percentages of the funds, could also be used. You should carefully consider all of your options.

This investment planning tool is provided to you at no charge by Vanguard Advisers, Inc. It does not provide comprehensive investment or financial advice. In applying the suggestions to your particular situation, you should consider your other assets and investments. As your financial circumstances or goals change, it may be helpful to complete the Investor Questionnaire again to see if your suggested asset allocation has changed. Vanguard Advisers, Inc., is not responsible for reviewing your financial situation or updating the suggestions contained here.

*For more information about any fund, including investment objectives, risks, charges, and expenses, call The Vanguard Group at 800-523-1188 to obtain a prospectus. The prospectus contains this and other important information about the fund. Read and consider the prospectus information carefully before you invest. You can also download Vanguard fund prospectuses at [www.vanguard.com](http://www.vanguard.com).*

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