



**Vanguard**<sup>®</sup>

# VBO<sup>®</sup> Plan Highlights

**Carnegie Mellon**<sup>®</sup>

Carnegie Mellon University Faculty and Staff Retirement Plan (097487)

## **Your VBO account at Carnegie Mellon University**

The Vanguard Brokerage Option (VBO) is subject to rules and regulations set forth by the Carnegie Mellon University Faculty and Staff Retirement Plan. Please review the following information carefully to help you understand how your account will work. If you have questions, call a Vanguard Participant Services associate at **800-523-1188** Monday through Friday from 8:30 a.m. to 9 p.m., Eastern time.

**You can invest in:**

Publicly traded mutual funds not already offered in your plan's main investment options.

**You cannot invest in:**

- Carnegie Mellon University Faculty and Staff Retirement Plan funds. (You can continue to invest in these funds as part of your retirement plan, but you can't hold them in your VBO account.)
- U.S. stocks.
- U.S. Treasury securities.
- American Depositary Receipts.
- Corporate bonds.
- Mortgage-backed securities.
- Certificates of deposit.
- Non-publicly traded limited partnerships.
- Options.
- Real estate.
- Tax-exempt securities (including municipal bonds and tax-exempt mutual funds).
- Derivatives.
- Foreign securities not traded in the United States.
- Private placements.
- Insurance.
- Commodities.
- Futures.
- Precious metals.
- Currencies.

Additionally, trading on margin is not permitted.

**Plan assets eligible for VBO**

You can use 90% of the money in your account.

**Direct contributions**

You can direct up to 90% of your contributions to your VBO account.

## Investment of contributions

Vanguard separates the money invested in your plan based on who it came from (you or your employer). You can think of it as putting your money in separate buckets, which we call sources.

Sources cannot be directed to separate investments in your VBO account. For example: Bob has both his own contributions and company contributions in his VBO account. He cannot invest his own contributions in Fund A and the company contributions in Fund B. Instead, he must invest both types of money in each fund.

Every business day, the total gain or loss on your VBO account investments is assigned to each source in proportion to that source's balance from the previous business day.

### For example:

On Monday, Bob invests \$10,000 in his VBO account, \$7,500 of his own contributions and \$2,500 in company contributions. Because this is his first VBO account investment, 75% of his VBO account balance is made up of his own contributions and 25% is made up of company contributions.

On Tuesday, his VBO account investments earn \$100. Of these earnings, 75% (which comes to \$75) is considered his own contributions and 25% (\$25) is company contributions.

Thus, Bob's new VBO account balance of \$10,100 consists of \$7,575 of his own contributions and \$2,525 of company contributions.

## If you leave or retire from Carnegie Mellon University

In general, you can:

- Leave your money in your VBO account and continue trading.
- Transfer your VBO assets in kind to a Vanguard Brokerage Services® IRA. (After you transfer assets in kind, you have the same investments in the same share amounts that you had before the transfer.)

There are important factors to consider when rolling over assets to an IRA or leaving assets in an employer retirement plan account. These factors include, but are not limited to, investment options in each type of account, fees and expenses, available services, potential withdrawal penalties, protection from creditors and legal judgments, required minimum distributions, and tax consequences of rolling over employer stock to an IRA.

- Sell the holdings in your VBO account, transfer the proceeds to your main investment options, then withdraw the cash. However, you must pay income tax on any amount you withdraw. You may be subject to a 10% federal penalty tax for early withdrawals.
- Sell the holdings in your VBO account, transfer the proceeds to your main investment options, and roll over your money to another employer's plan (if the plan permits) or an IRA at another institution.

Please check with your employer to learn about your plan's provisions and restrictions.

## How we'll keep you up to date

Vanguard will notify you about your account transactions and related matters through:

- Mailed confirmations of your brokerage transactions.
- Your Carnegie Mellon University Faculty and Staff Retirement Plan quarterly statement, which will provide your total plan balance as well as the balance in your VBO account.
- A monthly VBO account statement when there has been activity in your account.

*Keep in mind that all investing is subject to risk, including the possible loss of the money you invest.*

## Connect with Vanguard®

[vanguard.com/retirementplans](http://vanguard.com/retirementplans) > 800-523-1188

*For more information, visit [vanguard.com](http://vanguard.com), or call 800-523-1188 for Vanguard funds and 800-339-4515 for non-Vanguard funds offered through Vanguard Brokerage Services, to obtain a prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.*

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Participant Education

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