

Vanguard 403(b) Services

Where your savings work harder
for your retirement



Vanguard

Thank you for considering Vanguard

Choosing an investment provider is one of the most important decisions you can make for your retirement savings. Investing for retirement through a 403(b) plan can be an excellent way to build retirement security, and selecting Vanguard 403(b) Services as your provider can help you make the most of what you invest.

With Vanguard, you get an experienced provider who's been helping 403(b) plan participants reach their retirement goals for 35 years and counting. It's been a smart choice for them. It can be the same for you.

What is a 403(b) plan and why should I save in one?

The 403(b) plan is a tax-advantaged retirement savings program offered only to employees like you who work in the educational, medical, religious, and other areas of the nonprofit world. Those who are eligible can defer money into a 403(b) account to save for retirement very much like employees in the for-profit world can do with a 401(k) plan.

Investing with a 403(b) plan is a wise move, whether it's your primary source of retirement saving or you use it as a supplement to a pension or other account. A 403(b) plan offers high contribution limits, a range of investment choices, and the services and options you need to make saving for retirement convenient and efficient.

More choice and control of your assets

You decide:

- How much to contribute (although there are contribution limits).
- How often to contribute.
- Which funds to invest in.
- Which of the flexible withdrawal options you want when you retire.

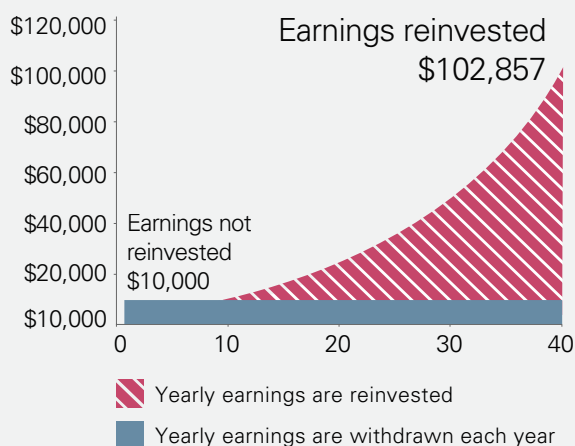
Tax advantages

As with all retirement plans, 403(b)s offer tax advantages—whether you save on taxes now through traditional pre-tax contributions or later with Roth after-tax contributions.*

Either way, your savings will have the benefits of compounding and tax-deferred growth.

The power of compounding

In addition to your plan contributions, the compounding of interest, dividends, and capital gains allows your 403(b) account to generate earnings on top of earnings. In other words, your “money makes money” and can grow faster over time. With the power of compounding, you may reach your retirement goals sooner than you think.



This hypothetical example illustrates the power of compounding, based on an investment of \$10,000 and a 6% annual return. You could earn \$600 on your investment each year. If you withdraw that \$600 annually instead of reinvesting it, your balance stays the same. But if you reinvest the earnings, in 20 years your investment could have grown by more than \$20,500. Have 40 years to reinvest? Your investment has the potential to grow to more than \$100,000!

*Not all plans offer a Roth option.

Note: Withdrawals taken before age 59½ may be subject to ordinary income tax plus a 10% federal penalty tax.

All investments are subject to risk.

A large, white, stylized number '3' is positioned on the left side of the image. The background is a light blue color with a pattern of thin, white, diagonal lines running from the top-left to the bottom-right.

Vanguard advantages

At Vanguard we believe that caring for our investors first is simply the right thing to do, and we're a company actually structured to make that happen.

You see, Vanguard (the company) is owned by the Vanguard funds—which, in turn, are owned by our fund investors. We don't have to share with outside owners or private stockholders because we don't have any. So you naturally become our #1 priority.

We use that "you first" focus to your best advantage. Vanguard 403(b) Services offers you an easy-to-manage program with costs and fees among the lowest in the industry and a diversified lineup of mutual fund choices to suit almost any investment style.

1

Straightforward, transparent fees

Many different types of fees can be assessed on 403(b) accounts—fees you may not even realize you’re being charged. To get the total fee picture, it’s important to look at both recordkeeping fees and those related to the investments you select for your account.

Vanguard believes fee transparency is vitally important, and with Vanguard 403(b) Services, you’ll always know what you’re paying:

- **A flat recordkeeping fee** of just \$5 per month (\$60 annually). That covers the costs of recordkeeping, plus custodial, administrative, and account services.
- **The investment expense** (expense ratio)—what it costs us to run each fund you choose for your account.

That’s it. We don’t charge any front-end or back-end loads or sales charges, commissions, surrender fees, or asset-based administration “wrap” fees (assessed as a percentage of the assets you have under management in the plan). Nor do we charge you when you take a distribution from your account like most other 403(b) providers.*

The true story is the total all-in plan price. When you compare the total amount paid for all plan service and investment fees, Vanguard 403(b) Services ranks among the lowest-cost 403(b) plan options available.

Compare Vanguard with the competition

| | Fees others may charge | Fees Vanguard charges |
|-----------------|---------------------------------|---------------------------------|
| SERVICE FEES | Flat recordkeeping | Flat recordkeeping |
| | Asset-based wrap | |
| | Distribution processing | |
| | Miscellaneous** | |
| INVESTMENT FEES | Investment option expense ratio | Investment option expense ratio |
| | Commissions | |
| | Front- or back-end loads | |
| | Surrender charges | |

Costs and fees add up quickly and the cumulative effect on a participant’s retirement savings can be significant.

*Although we don’t charge participants for 403(b) account distributions, a participant who takes a loan from a 403(b) account (if the plan permits) will incur a onetime \$50 loan initiation fee, \$25 per-year loan maintenance fee, and \$20 overnight check fee. There may be a charge for these optional services, if offered: hardship distributions and domestic relations orders.

**Some companies charge fees for account setup, closeout, or transfer, and for paper statements and copies of confirmations and checks.

2

The Vanguard cost edge

No doubt about it, fund costs are a big factor in achieving investment success, and Vanguard excels in keeping them low. It's practically in our DNA.

Our funds cost you only what they cost us to run them. Nothing more. And the lower the cost, the greater your share of an investment's return, and the greater the potential for compounding. It's that simple.

The average expense ratio across the entire fund industry (excluding Vanguard) was 0.62% in 2016, which equates to \$62 for every \$10,000 invested. Compare that with Vanguard, where the average expense ratio for all of our funds was 0.12%, or just \$12—an 81% difference!*

Here's even better news

You'll also have the opportunity to invest in Vanguard Admiral™ Shares and enjoy even lower-cost investing.

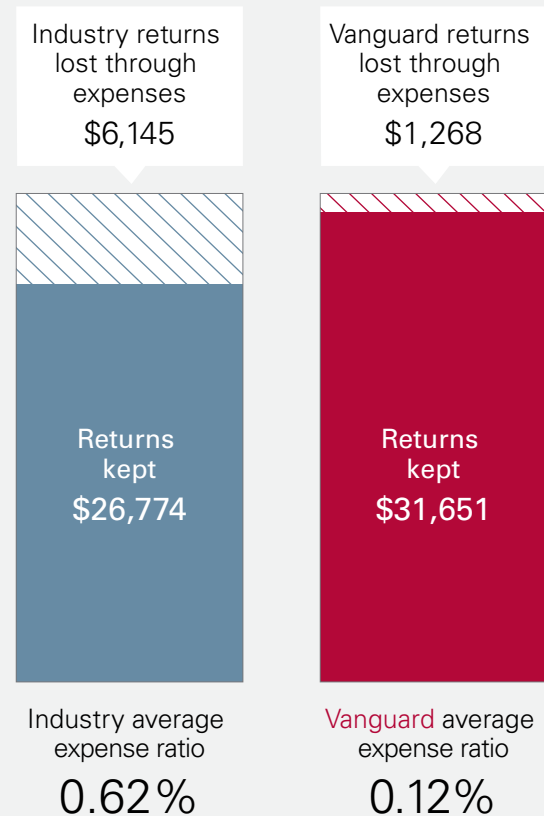
Admiral Shares are a separate share class of our mutual funds that, on average, has expense ratios 41% lower than our standard Investor share class of mutual funds and 83% lower than the industry average.**

And there's an added bonus: The \$10,000, \$50,000, or \$100,000 minimum investment amount (depending on the fund selected) that's normally required to invest in Admiral Shares is waived for Vanguard 403(b) participants. There's no minimum balance requirement for you either.

Admiral Shares are offered by many of the funds included in the Vanguard 403(b) Services investment lineup.

Keep more with Vanguard

Here's an example of the difference low cost can mean for an investment of \$10,000 that returned 6% a year for 25 years. With Vanguard, \$4,877 more stays in your account that can grow and compound.



The hypothetical example above doesn't represent any particular investment or account for inflation. There may be other material differences between investment products that must be considered prior to investing.

*Asset-weighted average expense ratios. Sources: Vanguard and Morningstar, Inc., as of December 31, 2016.

**Average expense ratios: Vanguard Admiral Shares: 0.12%; Vanguard Investor Shares: 0.20%; mutual fund-only industry average: 0.69%. All averages are asset-weighted. Industry averages exclude Vanguard. Sources: Vanguard and Morningstar, Inc., as of December 31, 2016.

3

Easy, flexible investing

A broad range of options

One of the highlights of Vanguard 403(b) Services is the extensive lineup of investment choices it offers. You can build a customized portfolio by choosing from among the many Vanguard mutual funds included in the investment lineup, or get a complete portfolio in a single investment with an “all in one” Target Retirement Fund.

One fund may be all you need

Our all-in-one Target Retirement Funds are a practical, cost-effective option if you’re not sure what to choose or just don’t have the time or inclination to put together your own group of funds for your 403(b) account.

Designed to keep pace with your life

Each Vanguard Target Retirement Fund is a complete portfolio in a single fund. You simply choose the fund with

the date closest to the year you’d like to retire, and the fund takes it from there. When the investment reaches its target date, you don’t need to take your money out. The gradual move from stocks to bonds simply continues.

Target Retirement Funds:

- Identify the mixes of stocks and bonds that offer an appropriate balance between risk and return at every stage of retirement investing.
- Automatically adjust your mix for you as you get closer to retirement.
- Invest in Vanguard’s broadest index funds, giving you access to thousands of U.S. and international stocks and bonds, including exposure to the major market sectors.
- Have an average expense ratio that’s 81% less than the industry average.*

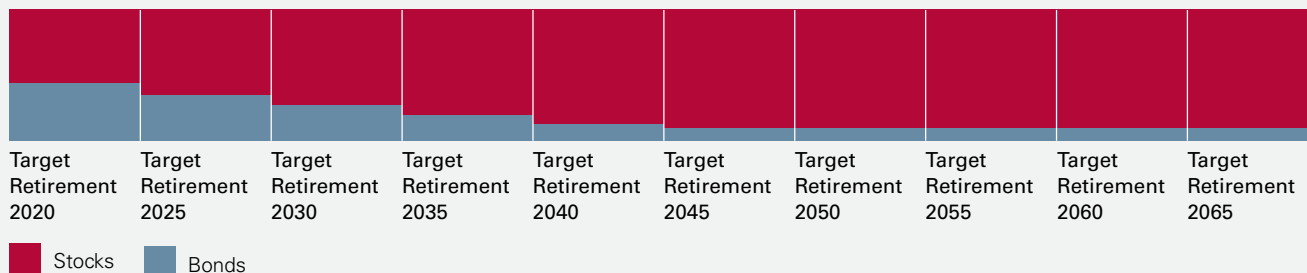
Pick the Target Retirement Fund closest to your expected retirement year

Years to retirement:

About 0 About 5 About 10 About 15 About 20 About 25 About 30 About 35 About 40 About 45

Current age:

64–68 59–63 54–58 49–53 44–48 39–43 34–38 29–33 24–28 18–22



We base “Years to retirement” on an estimated retirement age of approximately 65. Should you choose to retire significantly earlier or later, you may want to consider a fund with an asset allocation more appropriate to your particular situation.

*Vanguard Target Retirement Funds average expense ratio: 0.13%. Industry average expense ratio for comparable target-date funds: 0.68%. All averages are asset-weighted. Industry averages exclude Vanguard. Sources: Vanguard and Morningstar, Inc., as of December 31, 2016.

Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a Target Retirement Fund is not guaranteed at any time, including on or after the target date.

Looking for more information?

Find additional details about Vanguard 403(b) Services at vanguard.com/403b or call our 403(b) plan participant services at 800-569-4903 Monday through Friday from 8 a.m. to 8 p.m., Eastern time.

Ready to get started?

Talk to your human resources representative or business officer about how to enroll.





P.O. Box 1110
Valley Forge, PA 19482-1110

Connect with Vanguard® > vanguard.com > 800-569-4903

Retirement plan recordkeeping and administrative services are provided by The Vanguard Group, Inc. (VGI). VGI has entered into an agreement with Newport Group, Inc., to provide certain plan recordkeeping and administrative services on its behalf. Custodial services are provided by Newport Trust Company, a wholly owned subsidiary of Newport Group, Inc. Newport Group, Inc., and Newport Trust Company are not affiliated with The Vanguard Group, Inc., or any of its affiliates.

All investing is subject to risk, including the possible loss of the money you invest.

Diversification does not ensure a profit or protect against a loss in a declining market.

Visit vanguard.com to obtain a fund prospectus or, if available, a summary prospectus, which contains investment objectives, risks, charges, expenses, and other information; read and consider carefully before investing.