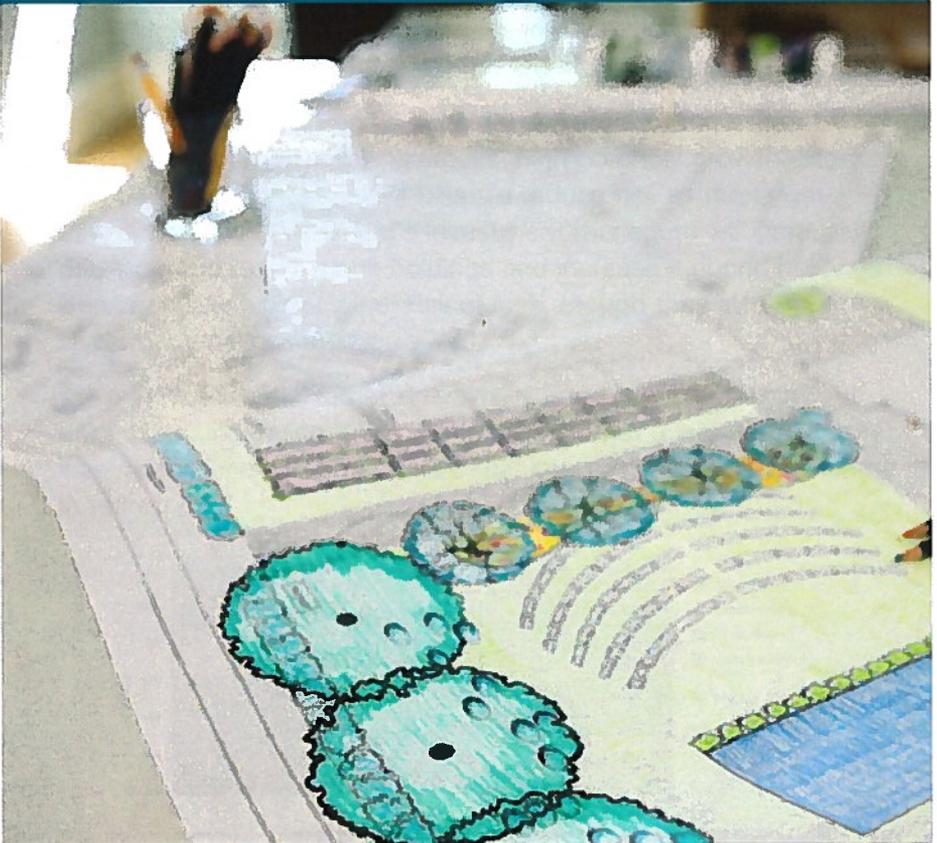




**Vanguard**

# Vanguard Target Retirement Funds



## Outwardly simple. Inwardly sophisticated.™

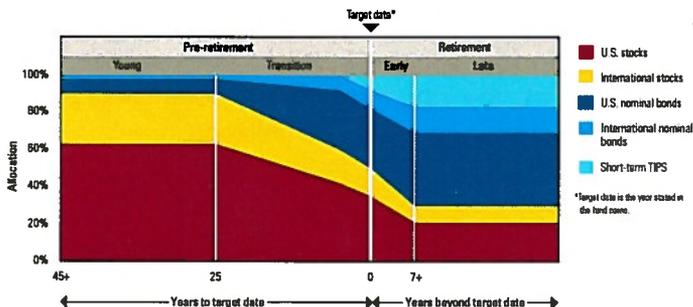
A Target Retirement Fund offers the simplicity of a complete portfolio in a single fund. Each fund invests in several broadly diversified Vanguard funds. As the target date in the fund's name draws near, its investment mix becomes more conservative. Through this sophisticated approach, a single Target Retirement Fund is meant to serve you throughout both your career and retirement.

### How Target Retirement Funds work

Each Target Retirement Fund invests in several Vanguard funds, primarily low-cost index funds, to create a broadly diversified mix of stocks and bonds. The year in a Target Retirement Fund's name is its target date, the approximate year in which an investor in the fund expects to retire and leave the workforce.

A Target Retirement Fund will hold more stocks the further it is from its target date, seeking stocks' high potential growth. Stocks also have the highest risk of loss. To reduce risk as the target date approaches, Vanguard's investment managers will gradually decrease the fund's stock holdings and increase its bond holdings. Bonds usually have a lower risk of loss, though they also have lower potential gains.

Keep in mind that a Target Retirement Fund is subject to the risks of its underlying funds. Its returns are not guaranteed, and investing in one does not ensure that you will have enough income in retirement.



## How to choose a Target Retirement Fund

Consider the Target Retirement Fund with the target date closest to the year you plan to retire. If you haven't planned that far ahead, you can use the year you'll reach your full Social Security retirement age (65 to 67, depending on when you were born).

You don't have to choose the fund that matches your expected retirement year. Once you review that fund's mix of stocks and bonds, you could choose a fund with a later target date if you'd prefer a more aggressive investment mix. On the other hand, if you'd prefer a more conservative mix, you could choose a fund with an earlier target date.

Because your situation could change over time, it may be a good idea to periodically review your asset mix to make sure it matches your goals and risk tolerance. You're never locked into a particular fund.

## The target date is not the end

Nothing special happens when a Target Retirement Fund reaches its target date. The fund doesn't stop investing, and you don't need to take your money out of the fund. The gradual move from stocks to bonds simply continues. Target Retirement Funds are designed to keep your money invested appropriately throughout your retirement years.

About seven years after a fund reaches its target date, its investment mix is expected to match that of Vanguard Target Retirement Income Fund, which is designed to provide current income and some capital appreciation to retirees.

The Income Fund still invests a portion of its assets in stocks. It may seem that stocks and their risks have no place in the portfolio of a retiree. However, keep in mind that retirement may last a long time. While continuing to invest in stocks does expose the Income Fund to market risk, the long-term growth potential of stocks can help your buying power keep up with inflation.

## **A note about risk**

All investing is subject to risk, including the possible loss of the money you invest. 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. Bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. Investments in stocks or bonds issued by non-U.S. companies are subject to risks including country/regional risk and currency risk. Diversification does not ensure a profit or protect against a loss.

Potential fund choice	Investment mix*
Target Retirement 2060 Fund**	 10% 90%
Target Retirement 2055 Fund**	 10% 90%
Target Retirement 2050 Fund**	 10% 90%
Target Retirement 2045 Fund**	 10% 90%
Target Retirement 2040 Fund**	 10% 90%
Target Retirement 2035 Fund	 14% 86%
Target Retirement 2030 Fund	 22% 78%
Target Retirement 2025 Fund	 29% 71%
Target Retirement 2020 Fund	 37% 63%
Target Retirement 2015 Fund	 45% 55%
Target Retirement 2010 Fund***	 42% 58%
Target Retirement Income Fund†	 30% 70%

 Stocks  Bonds

Your plan might not offer all of the funds listed here.

\*Allocation targets for each fund. Allocations for the date-specific funds will shift their emphasis (from stocks to bonds) over time based on an assumed retirement age of 65.

\*\*The target allocations of the funds dated 2040 through 2060 are currently identical; however, as time passes, each fund will gradually shift its emphasis toward a more conservative allocation depending on the maturity date of the fund.

\*\*\*The 2010 Fund may be appropriate for those over the assumed retirement age who are still working.

†The Income Fund is designed for retirees who will be making withdrawals.



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