Vanguard®

Create a solid retirement plan in a few easy steps

Answer two questions

- How much will you need in retirement?
- How do you create your investment plan?

Envision your retirement

- At what age will you retire?
- How will you spend your time?
- With whom will you spend your time?
- What will you do to stay healthy?
- Where will you live?

You will spend less on:

- Saving for retirement.
- Work expenses (like clothes and gas).
- Mortgage (perhaps).
- Payroll tax.

You may spend more on:

- Health care.
- Travel.
- Entertainment and recreation.
- Utilities.

The retirement income rule of thumb is to replace **75% to 85%** of your current income.

75%–85%

Don’t be surprised by . . .

- Medigap insurance premiums.
- Estimated income tax payments.
- Real estate taxes.
- Homeowner’s or renter’s insurance.
- Expenses for grandchildren.
- And more . . .

Sources of income

- Social Security.
- Employer retirement plan.
- Other assets.

Estimate your Social Security benefits

- Reduced benefits as early as age 62.
- Full benefits at full retirement age.
- Enhanced benefits up to age 70.

Living longer

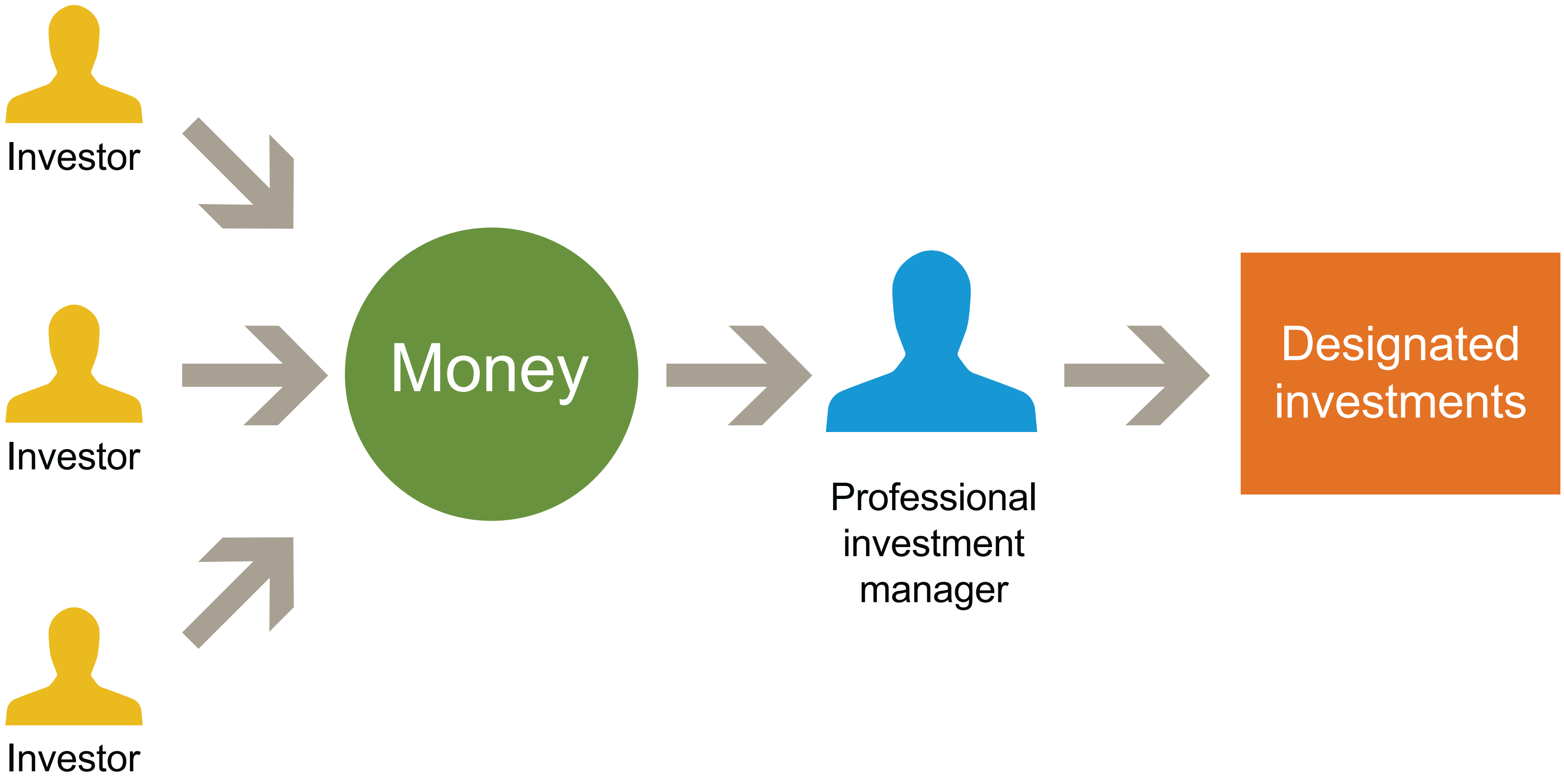
Age	Male	Female	Joint and survivor*
80	71%	81%	94%
85	53%	65%	84%
90	34%	45%	63%
95	17%	23%	36%
100	6%	9%	14%

*Estimates the probability of one partner in a couple attaining that age.
Calculations based on each person at age 65.

Source: Society of Actuaries, 2007.

How do you create your investment plan?

How mutual funds work



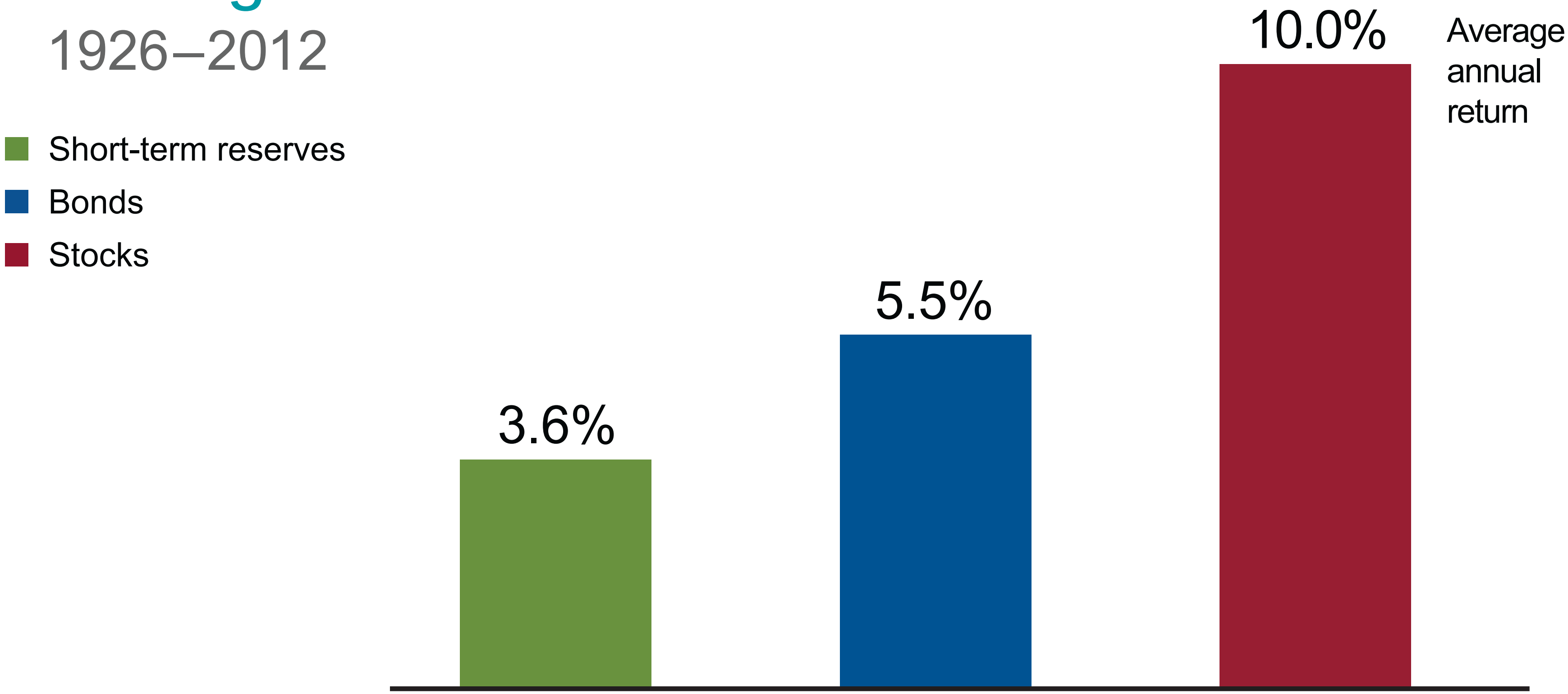
Asset classes

- Short-term reserves
- Bonds
- Stocks

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

Average annual returns

1926–2012



The performance data shown represent past performance, which is not a guarantee of future results. When determining which index to use and for what period, we selected the index that we deemed to fairly represent the characteristics of the referenced market, given the available choices. For U.S. stock market returns, we use the Standard & Poor's 90 Index from 1926 to March 3, 1957; the Standard & Poor's 500 Index from March 4, 1957, to 1974; the Wilshire 5000 Index from 1975 to April 22, 2005; and the MSCI US Broad Market Index thereafter. For U.S. bond market returns, we use the Standard & Poor's High Grade Corporate Index from 1926 to 1968; the Citigroup High Grade Index from 1969 to 1972; the Lehman Brothers U.S. Long Credit AA Index from 1973 to 1975; the Barclays Capital U.S. Aggregate Bond Index from 1976 to 2009; and the Spliced Barclays U.S. Aggregate Float Adjusted Bond Index thereafter. For U.S. short-term reserves, we use the Ibbotson U.S. 1-Month Treasury Bill Index from 1926 to 1977, and the Citigroup 3-Month Treasury Bill Index thereafter. Unlike stocks and bonds, U.S. Treasury bills are guaranteed as to the timely payment of principal and interest. Index performance is not illustrative of any particular investment because you cannot invest in an index.

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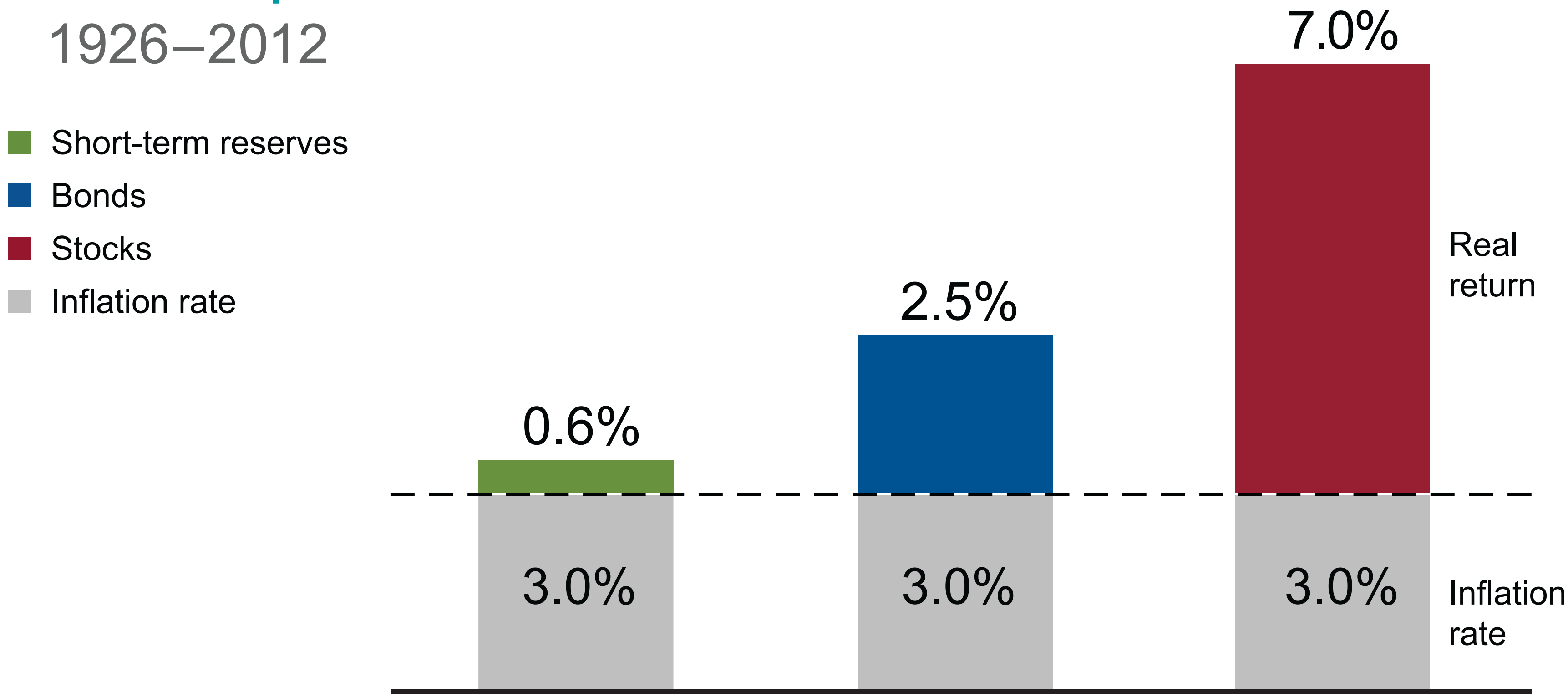
Source: Vanguard.

The impact of inflation

1926–2012



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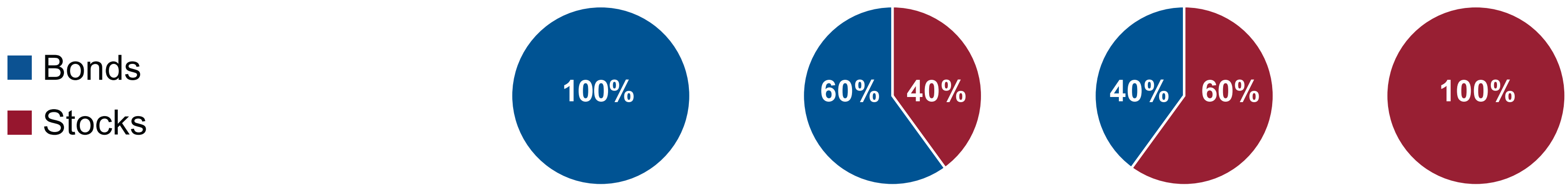
Source: Vanguard.

Find the right mix

1926–2012



Average annual return	5.5%	7.8%	8.7%	10.0%
Worst one-year return	–8.1%	–18.4%	–26.6%	–43.1%
Best one-year return	32.6%	27.9%	36.7%	54.2%

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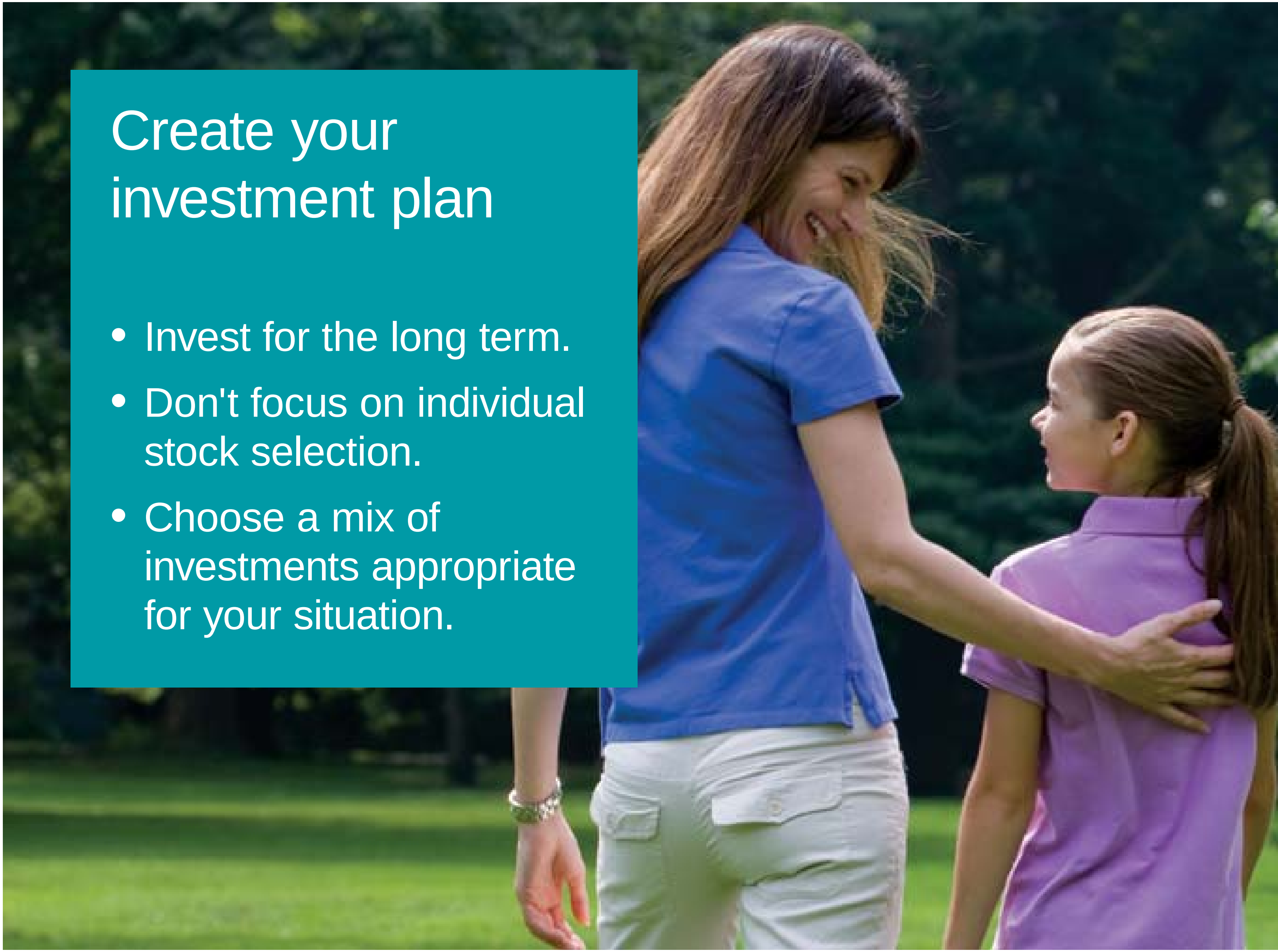
All investing is subject to risk, including possible loss of principal. Bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments.

Source: Vanguard.

Create your investment plan

- Invest for the long term.
- Don't focus on individual stock selection.
- Choose a mix of investments appropriate for your situation.



Make the most of your employer's plan

- 2014 maximum contribution: **$17,500**.
- Catch-up contribution allowed for participants age 50 or older: **$5,500**.
- Total contribution allowed for participants age 50 or older: **$23,000**.

Next, consider saving in an IRA

- Traditional IRA.
- Roth IRA.

Investing once you retire

- Invest with a long-term perspective.
  - Consider staying broadly diversified.
  - Consider a balance of stocks and bonds.
- Consider a cash reserve to cover one or two years of expenses.

All investing is subject to risk, including the possible loss of the money you invest. 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. Diversification does not ensure a profit or protect against a loss in a declining market.

You can set up systematic withdrawals from your retirement savings.

Consider limiting initial withdrawal rate to . . .

4%

If your plan is not on track . . .

Five ways to increase retirement income:

- Postpone retirement.
- Work part-time.
- Save more in your plan.
- Tap into your home’s equity.
- Reduce your expenses.

For more information about any fund, including investment objectives, risks, charges, and expenses, call Vanguard 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 vanguard.com.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although a money market fund seeks to preserve the value of your investment at $1 per share, it is possible to lose money by investing in such a fund.