

The Vanguard 529 College Savings Plan

Program Description

October 2011



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Program Description

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The Vanguard 529 College Savings Plan Highlights

Purpose of The Vanguard Plan	To help individuals and families save for college expenses through a tax-advantaged investment plan sponsored by the State of Nevada.
Who's Who in The Vanguard Plan	The State of Nevada sponsors The Vanguard 529 Plan, which is offered by The Nevada College Savings Trust. The Plan is administered by Upromise Investments, Inc., and investment management services are provided by The Vanguard Group. See Part 1. Introduction, page 3.
Contact Information	The Vanguard 529 College Savings Plan P.O. Box 55111 Boston, MA 02205-5111 vanguard.com E-mail: VGI529@vanguard.com Phone: 866-734-4530
Eligibility (Account Owner)	The Vanguard Plan is open to U.S. citizens and resident aliens who are at least 18 years old, have a Social Security number or taxpayer identification number, and have a U.S. permanent address that is not a P.O. box. There are no restrictions on state of residence or income. See Part 2. Getting Started, page 4.
Beneficiary	<ul style="list-style-type: none"> The Beneficiary may be a U.S. citizen or resident alien, with a valid U.S. permanent address that is not a P.O. box; a Social Security number or taxpayer identification number; and be of any age, from newborn to adult. You can change Beneficiaries or transfer a portion of the account to a different Beneficiary without adverse tax consequences, provided the new Beneficiary is a qualifying family member of the former Beneficiary. See Part 7. Other Information About Your Account—Changing the Beneficiary, page 26.
Contributions	Contributions may be made by anyone, regardless of their income. Initial Contribution: \$3,000 minimum (\$50 through employer automatic investment plan or approved organization, if available). Additional Contributions: \$50 minimum. Maximum Contribution Limit: \$370,000—Accounts that have reached the Maximum Contribution Limit may continue to accrue earnings, but additional contributions are prohibited. See Part 7. Other Information About Your Account—Contributions, page 21.
Investment Options and Performance	There are 22 different investment options, all managed by Vanguard: <ul style="list-style-type: none"> 3 Age-Based Options (conservative, moderate, or aggressive). 19 Individual Portfolios. See Part 3. The Vanguard Plan Investment Options, page 5.
Risk Factors of the Plan	Investing in the Plan involves certain risks, including (i) the possibility that you may lose money over short or even long periods, (ii) the risk of federal and state tax-law changes, (iii) the risk of Plan changes including changes in fees, and (iv) the risk that contributions to the Plan may adversely affect the eligibility of the Beneficiary or the Account Owner for financial aid or other benefits. See Part 5. Risks of Investing in The Vanguard Plan, page 19.
Fees and Charges	Expense ratios range from 0.25% to 0.55% depending on the investment option. A low-balance fee of \$20 may be assessed against an account with a balance below \$3,000. See Part 4. The Vanguard Plan Fees and Charges, page 17.
Tax Advantages	<ul style="list-style-type: none"> Earnings accrue free from federal income tax. Depending upon the state in which you live or pay state income tax, your earnings may not be subject to state income tax. No federal income tax on Qualified Withdrawals. No gift tax on contributions up to \$65,000 (single) and \$130,000 (married couple)—prorated over five years. Contributions to a 529 college savings plan are not deductible for federal income tax purposes. This Program Description does not contain tax advice. You should consult your tax advisor for more information. See Part 8. Federal and State Tax Treatment, page 27.
Qualified Withdrawals	Assets in your Plan account can be used to pay for tuition, room and board (with limitations), books, supplies, fees, and equipment required for enrollment or attendance at any eligible postsecondary school in the U.S. or abroad. See Part 7. Other Information About Your Account—Withdrawals, page 24.
Account Control	As Account Owner, you can: <ul style="list-style-type: none"> Choose how money will be invested. Retain control of how and when money is used. Change Beneficiaries without paying federal income tax or a federal penalty tax, if the new Beneficiary is a qualifying family member of the former Beneficiary. Withdraw money from the account, subject to applicable federal and state income taxes on earnings and a 10% federal penalty tax on earnings. See Part 7. Other Information About Your Account, page 21.
Online Applications and Account Information	<ul style="list-style-type: none"> Account Owners may obtain an application online at vanguard.com, or by mail. Account Owners may choose to receive periodic account statements, transaction confirmations, and other personal correspondence online, rather than in paper format. See Part 2. Getting Started, page 4.
Privacy Policies	All information you provide to The Vanguard Plan is treated confidentially. Vanguard, Upromise, and the State of Nevada have privacy policies for the benefit of Plan account owners. See <i>The Vanguard Plan Privacy Policies, page 30.</i>

Part 1. Introduction

General Information About 529 Plans and The Vanguard Plan

Section 529 of the Internal Revenue Code permits states and state agencies to sponsor qualified tuition programs (“529 Plans”), which are tax-advantaged programs intended to help individuals and families pay the costs of higher education. The Vanguard 529 College Savings Plan (“The Vanguard Plan” or the “Plan”) is a 529 Plan sponsored by the State of Nevada. Even if you do not live in Nevada, you may invest in The Vanguard Plan.

Who’s Who in The Vanguard Plan

The Trust—The Nevada College Savings Trust Fund (the “Trust”) is a trust created by the state of Nevada. The Trust offers several 529 Plans, including The Vanguard Plan. When you invest in the Plan, you are purchasing portfolio units issued by the Trust. Management of the Trust is overseen by the Board of Trustees of the College Savings Plans of Nevada (the “Board”), whose chairman is the Nevada State Treasurer Kate Marshall.

Upromise—The entity chosen by the Board to be the Plan’s Program Manager, responsible for the day-to-day operations of the Plan. (“Upromise” is used to refer collectively or individually, as the case requires, to Upromise Investments, Inc., Upromise Investment Advisors, LLC, and their affiliates.) *Under the Direct Program Management Agreement between Upromise and the Board (which expires in 2032 and may be terminated sooner under certain circumstances, including a material breach of the contract by either Upromise or the Board, or if the Board is no longer authorized to administer 529 plans including The Vanguard Plan as a result of any legislation or regulation changes), the Board may hire new or additional entities in the future to manage all or part of the Plan’s assets.*

Vanguard—The entity chosen by the Board and Upromise to be the Plan’s Investment Manager and to assist Upromise in marketing the Plan and distributing the securities issued by the Trust. (“Vanguard” is used to refer collectively or individually, as the case requires, to The Vanguard Group, Inc., Vanguard Marketing Corporation, and their affiliates.)

Throughout this document, the State of Nevada, any instrumentality of the state, the Trust, the Board, Upromise, and Vanguard are referred to collectively as “Associated Persons” of The Vanguard Plan.

Important Legal Information

IMPORTANT INFORMATION ABOUT OPENING A NEW ACCOUNT. Vanguard is required by federal law to obtain from each person who opens an account certain personal information—including name, street address, and date of birth, among other information—that will be used to verify identity. If you do not provide us with this information, we will not be able to open the account. If we are unable to verify your identity, Vanguard reserves the right to close your account or take other steps we deem reasonable.

529 Plans are intended to be used only to save for qualified higher-education expenses. 529 plans are not intended to be used, nor should they be used, by any taxpayer for the purpose of evading federal or state taxes or tax penalties. Taxpayers may wish to seek tax advice from an independent tax advisor based on their own particular circumstances.

Tax Disclaimer. In order to comply with Treasury Department regulations, we advise you that this Program Description is not intended to constitute, nor does it constitute, legal or tax advice. This Program Description was developed to support the marketing of The Vanguard Plan and cannot be relied upon for purposes of avoiding the payment of federal tax penalties. You should consult your legal or tax advisor about the impact of these rules on your individual situation.

State tax and other benefits. If you are not a Nevada taxpayer, consider before investing whether your or the beneficiary’s home state offers a 529 Plan that provides its taxpayers with favorable state tax and other benefits that may only be available through such state’s qualified tuition program. Since different states have different tax provisions, this Program Description contains limited information about the state tax consequences of investing in The Vanguard Plan. Therefore, please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact your home state’s 529 Plan(s), or any other 529 Plan, to learn more about those plans’ features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

Investments are not guaranteed or insured.

Investments in The Vanguard Plan are not guaranteed or insured by the Plan, any of its Associated Persons, the Federal Deposit Insurance Corporation (“FDIC”), or any other entity. The value of your account will depend on market conditions and the performance of the investment options you select. **Investments in The Vanguard Plan can go up or down in value, and you could lose money by investing in the Plan.**

The Plan is not a mutual fund. Although money contributed to The Vanguard Plan will be invested in portfolios that hold Vanguard mutual funds or a separate account or both, neither

the Trust, The Vanguard Plan, nor any of the Plan's investment portfolios is a mutual fund. An investment in The Vanguard Plan is an investment in municipal fund securities that are issued and offered by the Trust. These securities are not registered with the U.S. Securities and Exchange Commission ("SEC") or any state, nor are the Trust, the Plan, or the Plan's portfolios registered as investment companies with the SEC or any state.

Suitability. The Plan and its Associated Persons make no representations regarding the suitability of the Plan's investment options to any particular investor. Other types of investments and other types of college savings vehicles may be more appropriate depending upon your personal circumstances. Please consult your tax or investment advisor for more information.

Other 529 Plans Sponsored by Nevada. Nevada offers other 529 Plans that are not described in this Program Description. These 529 Plans have different investment options, investment advisors, fees, and sales commissions and may be marketed differently from The Vanguard Plan. Please go to www.nevadatreasurer.gov for information and materials that describe other 529 Plans sponsored by Nevada.

Not an offer to sell. This Program Description does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of a security issued by the Trust by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation, or sale.

Information subject to change. The information in this Program Description is believed to be accurate as of the cover date but is subject to change without notice. No one is authorized to provide information that is different from the information in the most current form of this Program Description and any amendments to this Program Description.

Important reference material. Please keep this Program Description for future reference. This document gives you important information about The Vanguard Plan, including information about the investment risks associated with, and the terms under which you agree to participate in, The Vanguard Plan.

Part 2. Getting Started

This section offers a brief overview of the process needed to: (1) open an account with The Vanguard Plan, (2) choose a Beneficiary, (3) choose your investment options, and (4) contribute money to an account.

Before you begin, it is important that you understand two terms used throughout this Program Description.

- The *Account Owner* is the person who opens an account with The Vanguard Plan and controls the assets held in the account. References in this document to "you" mean you in your capacity as the Account Owner.
- The *Beneficiary* (future student) is the person designated by the Account Owner whose qualified higher-education

expenses will be paid (in whole or in part) using money from the account.

1. Opening an Account

Who May Open an Account?

To be an Account Owner, you must be a U.S. citizen or resident alien at least 18 years old and must have a Social Security number or taxpayer identification number. You must provide The Vanguard Plan with a U.S. permanent address that is not a post office box. Fiduciaries or agents for trusts, estates, corporations, companies, partnerships, and associations may also be Account Owners. Although anyone can contribute to an account, only the Account Owner controls how account assets are invested and used. You may wish to consider designating who will become the Account Owner who controls the account in the event of your death.

How Do You Open an Account?

- Online: Complete the Enrollment Application online at vanguard.com.
- By mail: Complete, sign, and mail the Enrollment Application to The Vanguard 529 College Savings Plan.

Please see **Part 7. Other Information About Your Account** for a description of the Enrollment Application process and for more details on setting up an account with The Vanguard Plan.

2. Choosing a Beneficiary

- Name a Beneficiary for the account on your Enrollment Application. A Beneficiary must be a U.S. citizen or resident alien and have a Social Security number or taxpayer identification number.
- You may name only one Beneficiary per account, but different Account Owners may establish different accounts for the same Beneficiary.
- You do not have to be related to the Beneficiary.
- You may name yourself as Beneficiary.

3. Choosing Your Investment Option

You may select from a number of investment options. The options fall into two categories:

- **Age-Based Options (three options).** The asset allocation of money invested in the Age-Based Options is automatically adjusted over time to become more conservative as the Beneficiary approaches college age.
- **Individual Portfolios (19 options).** The asset allocation of money invested in any of the Individual Portfolios is static; it does not change over time.

Each time you contribute, you may choose up to five investment options. You must allocate a minimum of 5% of the contribution to each option you choose, and the percentages must add up to 100%.

Please see **Part 3. The Vanguard Plan Investment Options** for details about the Plan's investment options, including investment objectives, strategies, risks, and fees.

4. Contributing to an Account

Initial Contribution

- You must open an account with an initial investment of \$3,000 or more unless you are enrolling online through your employer's automatic investment plan or approved organization.

Additional Contributions

- You may make additional contributions to your account at any time. The minimum additional contribution is \$50.

Rollover Contributions and Other Transfers

- You may contribute to The Vanguard Plan through a rollover or transfer from another state's 529 Plan, from another 529 Plan sponsored by the State of Nevada, or from another account in The Vanguard Plan.

Other Contributions

- You may contribute with assets from an UGMA/UTMA custodial account, an education savings account, or certain U.S. savings bonds issued after 1989.

Please see **Part 7. Other Information About Your Account—Contributions** for additional details on contributing to your account, setting up an automatic investment plan, and the guidelines relating to transfers and rollovers.

Part 3. The Vanguard Plan Investment Options

Investment Option Summary

The Vanguard Plan offers many different investment options for your account contributions.

- You can choose from among three Age-Based Options, in which your money automatically is moved to progressively more conservative Portfolios as your Beneficiary approaches college age. You can select the Age-Based Option—conservative, moderate, or aggressive—that best reflects your own risk tolerance.
- You can choose from among 19 Individual Portfolios that offer investment choices of stock funds, bond funds, and a short-term reserves account. If you choose an Individual Portfolio, your money will remain in that Portfolio until you instruct the Plan to move it.

Whenever you contribute money to your account, you may allocate the contribution among a maximum of five investment options. For example, you may choose five Individual Portfolios, or one Age-Based Option and four Individual Portfolios.

Regardless of how many investment options you select, you must allocate a minimum of 5% of your contribution to each option. For example, you could choose three investment options and allocate your contribution 60%, 35%, and 5%.

Each investment option invests its assets in one or more mutual funds and/or a separate account managed by Vanguard (the "Underlying Funds"). Please keep in mind that you will not own shares of the Underlying Funds. You are purchasing units in the state Trust, which invests your money in the Underlying Funds.

The Board reserves the right to change, at any time and without prior notice, the Portfolios that make up the Age-Based Options, the asset allocation of the Individual Portfolios, or the Underlying Funds in which the Portfolios invest.

PLEASE NOTE: *The holding period for college investing is very short, relative to that for retirement investing (i.e., 5 to 20 years versus 30 to 60 years). Also, the need for liquidity during the withdrawal phase (to pay for certain educational expenses) generally is very important. You should seriously consider the level of risk you wish to assume, your investment time horizon, and other factors important to you before you select investment options. You should periodically assess, and if appropriate, adjust your investment choices with the same factors in mind. Note also that none of the Age-Based Options, the Individual Portfolios, or Vanguard can offer any assurance that the recommended asset allocations will maximize returns, minimize risk, or be the appropriate allocation in all circumstances for every investor with a particular time horizon or risk tolerance.*

The Age-Based Options

You may choose from the following three Age-Based Options:

- Vanguard Conservative Age-Based Option
- Vanguard Moderate Age-Based Option
- Vanguard Aggressive Age-Based Option

The Age-Based Options are designed to take into account a Beneficiary's age and your investing time horizon—i.e., the number of years before the Beneficiary is expected to attend college or an accredited postsecondary educational institution ("Eligible Educational Institution"). Within the Age-Based Options, you may invest according to your risk tolerance, in a conservative, moderate, or aggressive asset allocation. In general, for younger Beneficiaries, the Age-Based Options will be invested in Portfolios more heavily weighted in stocks to capitalize on the longer investment horizon and to try to maximize returns. As time passes, account assets are automatically moved to more conservative Portfolios in an effort to preserve capital as the withdrawal phase approaches. There is no assurance that any Portfolio will be able to achieve its goals.

As the table shows, for any particular age group, the Conservative Age-Based Option usually has a higher concentration of assets in bond funds and/or short-term reserves than does the Moderate Age-Based Option. The same is true for the Moderate Age-Based Option compared with the Aggressive Age-Based Option. Portfolios with higher allocations in bonds and short-term reserves tend to be less volatile than those with higher stock allocations. Less volatile Portfolios generally will not decline as much when stock markets go down,

but also generally will not appreciate in value as much when stock markets go up.

For each of the Age-Based Options, The Vanguard Plan will automatically exchange assets from one Portfolio to another as the Beneficiary ages. The exchange occurs during the month following the month of the Beneficiary's birth date, according to the following schedule:

Vanguard Age-Based Options

Age of Beneficiary	Conservative	Moderate	Aggressive
Newborn through 5	Vanguard Moderate Growth Portfolio 50% Stock 50% Bond	Vanguard Growth Portfolio 75% Stock 25% Bond	Vanguard Aggressive Growth Portfolio 100% Stock
6 through 10	Vanguard Conservative Growth Portfolio 25% Stock 75% Bond	Vanguard Moderate Growth Portfolio 50% Stock 50% Bond	Vanguard Growth Portfolio 75% Stock 25% Bond
11 through 15	Vanguard Income Portfolio 75% Bond 25% Short-Term Reserves	Vanguard Conservative Growth Portfolio 25% Stock 75% Bond	Vanguard Moderate Growth Portfolio 50% Stock 50% Bond
16 through 18	Vanguard Income Portfolio 75% Bond 25% Short-Term Reserves	Vanguard Income Portfolio 75% Bond 25% Short-Term Reserves	Vanguard Conservative Growth Portfolio 25% Stock 75% Bond
19 or older	Vanguard Interest Accumulation Portfolio 100% Short-Term Reserves	Vanguard Income Portfolio 75% Bond 25% Short-Term Reserves	Vanguard Income Portfolio 75% Bond 25% Short-Term Reserves

The Individual Portfolios

Unlike the Age-Based Options, the Individual Portfolios do not change asset allocations as the Beneficiary ages. Instead, the asset allocation of each Portfolio remains fixed over time.

If you choose to invest in Individual Portfolios that have a significant weighting in stocks, you should consider moving your assets to more conservative Portfolios as your Beneficiary approaches college age. Please note that there are limitations on your ability to move assets from one Portfolio to another. See **Part 7. Other Information About Your Account—Changing Investment Options for Current Balances and Future Contributions.**

The Vanguard Individual Portfolios consist of five Multi-Fund Individual Portfolios, which invest in multiple Underlying Funds (the percentages of those investments are detailed in the following table), and 14 Single-Fund Individual Portfolios, which invest in a single Underlying Fund.

Multi-Fund Individual Portfolios:

- Vanguard Aggressive Growth Portfolio
- Vanguard Growth Portfolio
- Vanguard Moderate Growth Portfolio
- Vanguard Conservative Growth Portfolio
- Vanguard Income Portfolio

Single-Fund Individual Portfolios:

- Vanguard Total Stock Market Index Portfolio
- Vanguard Total International Stock Index Portfolio
- Vanguard 500 Index Portfolio
- Vanguard Morgan Growth Portfolio
- Vanguard Windsor Portfolio
- Vanguard Growth Index Portfolio
- Vanguard Value Index Portfolio
- Vanguard Mid-Cap Index Portfolio
- Vanguard Small-Cap Index Portfolio
- Vanguard STAR Portfolio
- Vanguard Total Bond Market Index Portfolio
- Vanguard Inflation-Protected Securities Portfolio
- Vanguard High-Yield Bond Portfolio
- Vanguard Interest Accumulation Portfolio

The following table provides the allocations of the Underlying Funds for each Multi-Fund Individual Portfolio:

Underlying Fund	Vanguard Aggressive Growth Portfolio	Vanguard Growth Portfolio	Vanguard Moderate Growth Portfolio	Vanguard Conservative Growth Portfolio	Vanguard Income Portfolio
Vanguard Institutional Total Stock Market Index Fund	70%	52.5%	35%	17.5%	0%
Vanguard Total International Stock Index Fund	30%	22.5%	15%	7.5%	0%
Total Stock	100%	75%	50%	25%	0%
Vanguard Total Bond Market II Index Fund	0%	25%	50%	75%	50%
Vanguard Inflation-Protected Securities Fund	0%	0%	0%	0%	25%
Total Bond	0%	25%	50%	75%	75%
Vanguard Short-Term Reserves Account	0%	0%	0%	0%	25%
Total Short-Term Reserves	0%	0%	0%	0%	25%
TOTAL	100%	100%	100%	100%	100%

The Vanguard Plan Portfolio Profiles

Requesting Additional Information About the Underlying Funds. Your contributions to a Portfolio will be invested in one or more of the Underlying Funds. **Please keep in mind that you will not own shares of the Underlying Funds. Instead, you will own interests in the Trust created and sponsored by the State of Nevada.** Additional information about the investment strategies and risks of each Underlying Fund, except for Vanguard Short-Term Reserves Account, is available in its current prospectus and *Statement of Additional Information*. Information about the Vanguard Short-Term Reserves Account is found later within this Program Description. You can request a copy of the current prospectus, the *Statement of Additional Information*, or the most recent semiannual or annual report of any Underlying Fund, except for Vanguard Short-Term Reserves Account, by visiting Vanguard's website at vanguard.com or by calling 866-734-4530.

The Target Indexes of the Underlying Funds May Change. Many of the Underlying Funds are index funds. Vanguard Short-Term Reserves Account, Vanguard High-Yield Corporate Fund, Vanguard Inflation-Protected Securities Fund, Vanguard Morgan Growth Fund, Vanguard Windsor Fund, and Vanguard STAR Fund are not index funds. Each index fund reserves the right to substitute a different index for the index it currently seeks to track. This could happen if the current index is discontinued, if the Underlying Fund's agreement with the sponsor of its current index is terminated, or for any other reason determined in good faith by the Underlying Fund's board of trustees. In any such instance, the substitute index would measure the same market segment as the current index.

Expense Ratio. The Vanguard Plan charges an expense ratio that includes both the underlying fund expenses and program management fees. (See **Part 4. The Vanguard Plan Fees and Charges.**)

Risk Information. The profiles that follow identify the risks of each Portfolio. An explanation of these risks appears after the profiles.

Vanguard Aggressive Growth Portfolio

Investment Objective

The Portfolio seeks to provide capital appreciation.

Investment Strategy

The Portfolio invests in two Vanguard stock index funds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Institutional Total Stock Market Index Fund	70%
Vanguard Total International Stock Index Fund	30%

Through its investment in Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly invests in primarily large-capitalization U.S. stocks and, to a lesser extent, mid- and small-capitalization U.S. stocks. The Fund invests in a broadly diversified collection of securities that, in the aggregate, approximates the total market capitalization of all the U.S. common stocks regularly traded on the New York Stock Exchange and the Nasdaq over-the-counter market. Through its investment in Vanguard Total International Stock Index Fund, the Portfolio indirectly invests in international stocks.

Investment Risks

Because it invests entirely in stock funds, the Portfolio is primarily subject to **stock market risk**. The Portfolio is also subject to **country/regional risk, currency risk, emerging markets risk, and investment style risk**. The Portfolio also has **low levels of index sampling risk and derivatives risk**. Country/regional risk and currency risk are especially high in emerging markets.

Expense Ratio

The expense ratio for this Portfolio is 0.25%.

Vanguard Growth Portfolio

Investment Objective

The Portfolio seeks to provide capital appreciation and low to moderate current income.

Investment Strategy

The Portfolio invests in two Vanguard stock index funds and one Vanguard bond index fund, resulting in an allocation of 75% of its assets to stocks and 25% of its assets to investment-grade U.S. bonds. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Institutional Total Stock Market Index Fund	52.5%
Vanguard Total International Stock Index Fund	22.5%
Vanguard Total Bond Market II Index Fund	25%

Through its investment in Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly invests in primarily large-capitalization U.S. stocks and, to a lesser extent, mid- and small-capitalization U.S. stocks. The Fund holds a broadly diversified collection of securities that, in the aggregate, approximates the total market capitalization of all the U.S. common stocks regularly traded on the New York Stock Exchange and the Nasdaq over-the-counter market. Through its investment in Vanguard Total International Stock Index Fund, the Portfolio indirectly invests in international stocks. Through its investment in Vanguard Total Bond Market II Index Fund, the Portfolio also indirectly invests in a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index

measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Investment Risks

Because it invests mainly in stock funds, the Portfolio is primarily subject to **stock market risk**. The Portfolio has **low to moderate** levels of **country/regional risk, currency risk, emerging markets risk, interest rate risk, credit risk, income risk, and call/prepayment risk**. The Portfolio also has **low** levels of **index sampling risk** and **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.25%.

Vanguard Moderate Growth Portfolio

Investment Objective

The Portfolio seeks to provide capital appreciation and current income.

Investment Strategy

The Portfolio invests in two Vanguard stock index funds and one Vanguard bond index fund, resulting in an allocation of 50% of its assets to stocks and 50% of its assets to investment-grade U.S. bonds. The percentages of the Portfolio’s assets allocated to each Underlying Fund are:

Vanguard Institutional Total Stock Market Index Fund	35%
Vanguard Total International Stock Index Fund	15%
Vanguard Total Bond Market II Index Fund	50%

Through its investment in Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly invests in primarily large-capitalization U.S. stocks and, to a lesser extent, mid- and small-capitalization U.S. stocks. The Fund holds a broadly diversified collection of securities that, in the aggregate, approximates the total market capitalization of all the U.S. common stocks regularly traded on the New York Stock Exchange and the Nasdaq over-the-counter market. Through its investment in Vanguard Total International Stock Index Fund, the Portfolio indirectly invests in international stocks.

Through its investment in Vanguard Total Bond Market II Index Fund, the Portfolio also indirectly invests in a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated

bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Investment Risks

Through its stock fund holdings, the Portfolio is subject to **stock market risk**. Through its bond fund holding, the Portfolio has **low to moderate** levels of **interest rate risk, credit risk, income risk, and call/prepayment risk**. The Portfolio also has **low** levels of **country/regional risk, currency risk, emerging markets risk, index sampling risk, and derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.25%.

Vanguard Conservative Growth Portfolio

Investment Objective

The Portfolio seeks to provide current income and low to moderate capital appreciation.

Investment Strategy

The Portfolio invests in one Vanguard bond index fund and two Vanguard stock index funds, resulting in an allocation of 75% of its assets to investment-grade U.S. bonds and 25% of its assets to stocks. The percentages of the Portfolio’s assets allocated to each Underlying Fund are:

Vanguard Total Bond Market II Index Fund	75%
Vanguard Institutional Total Stock Market Index Fund	17.5%
Vanguard Total International Stock Index Fund	7.5%

Through its investment in Vanguard Total Bond Market II Index Fund, the Portfolio indirectly invests in a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Through its investment in Vanguard Institutional Total Stock Market Index Fund, the Portfolio indirectly invests in primarily large-capitalization U.S. stocks and, to a lesser extent, mid- and small-capitalization U.S. stocks. The Fund holds a broadly diversified collection of securities that, in the aggregate, approximates the total market capitalization of all the U.S. common stocks regularly traded on the New York Stock Exchange and the Nasdaq over-the-counter market. Through its

investment in Vanguard Total International Stock Index Fund, the Portfolio also indirectly invests in international stocks.

Investment Risks

Because it invests mainly in a bond fund, the Portfolio is primarily subject to **low to moderate** levels of **interest rate risk, credit risk, income risk, and call/prepayment risk**. Through its stock fund holdings, the Portfolio has a low to moderate level of **stock market risk**. The Portfolio also has **low** levels of **country/regional risk, currency risk, emerging markets risk, index sampling risk, and derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.25%.

Vanguard Income Portfolio

Investment Objective

The Portfolio seeks to provide current income.

Investment Strategy

The Portfolio invests in two Vanguard bond funds and one Vanguard short-term reserves account, resulting in an allocation of 75% of its assets to investment-grade U.S. bonds and 25% of its assets to short-term investments. The percentages of the Portfolio's assets allocated to each Underlying Fund are:

Vanguard Total Bond Market II Index Fund	50%
Vanguard Inflation-Protected Securities Fund	25%
Vanguard Short-Term Reserves Account	25%

Through its investment in Vanguard Total Bond Market II Index Fund, the Portfolio indirectly invests in a broadly diversified collection of securities that, in the aggregate, approximates the Barclays Capital U.S. Aggregate Float Adjusted Index in terms of key risk factors and other characteristics. The Index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. The bond fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Through its investment in Vanguard Inflation-Protected Securities Fund, the Portfolio indirectly invests in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations. The Fund may invest in bonds of any maturity; however, its dollar-weighted average maturity is expected to be in the range of 7 to 20 years. All bonds purchased by the Fund will be rated investment-grade.

Through its investment in Vanguard Short-Term Reserves Account, the Portfolio indirectly invests in funding agreements issued by one or more insurance companies, as well as shares of Vanguard Prime Money Market Fund. Funding agreements are interest-bearing contracts that are structured to preserve

principal and accumulate interest earnings over the life of the investment. The agreements pay interest at a fixed minimum rate and have fixed maturity dates that normally range from 2 to 5 years. The Prime Money Market Fund invests in high-quality, short-term money market instruments, including certificates of deposit, banker's acceptances, commercial paper, and other money market securities.

***Note:** Vanguard Short-Term Reserves Account's investments in Vanguard Prime Money Market Fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Prime Money Market Fund seeks to preserve the value of the investment at \$1 per share, it is possible that the Vanguard Short-Term Reserves Account may lose money by investing in the Fund.*

Investment Risks

Because it invests mainly in bond funds, the Portfolio is primarily subject to **low to moderate** levels of **interest rate risk, credit risk, income risk, call/prepayment risk, and income-fluctuation risk**. The Portfolio also has **low** levels of **manager risk, index sampling risk, industry concentration risk, and derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.25%.

Vanguard Total Stock Market Index Portfolio

Investment Objective

The Portfolio seeks to track the performance of a benchmark index that measures the investment return of the overall stock market.

Investment Strategy

The Portfolio invests in Vanguard Institutional Total Stock Market Index Fund, which employs a "passive management"—or indexing—investment approach designed to track the performance of the Morgan Stanley Capital International (MSCI) US Broad Market Index. The Index represents 99.5% or more of the total market capitalization of all the U.S. common stocks regularly traded on the New York Stock Exchange and the Nasdaq over-the-counter market. The Fund typically holds 1,200 to 1,300 stocks in its target index (covering nearly 95% of the Index's total market capitalization) and a representative sample of the remaining stocks. The Fund holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key characteristics. These key characteristics include industry weightings and market capitalization, as well as certain financial measures, such as price/earnings ratio and dividend yield.

Investment Risks

The Portfolio is primarily subject to **stock market risk**. The Portfolio also has **low** levels of **index sampling risk and derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.25%.

Vanguard Total International Stock Index Portfolio**Investment Objective**

The Portfolio seeks to track the performance of a benchmark index that measures the investment return of stocks in developed and emerging markets, excluding the United States.

Investment Strategy

The Portfolio invests 100% of its assets in Vanguard Total International Stock Index Fund, which employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI All Country World ex USA Investable Market Index (MSCI ACWI ex USA IMI Index), a free-float-adjusted market capitalization index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The Index includes more than 6,000 stocks of companies located in 44 countries. The Fund invests all, or substantially all, of its assets in the common stocks included in its target index.

Investment Risks

The Portfolio is primarily subject to **stock market risk**, **country/regional risk**, **currency risk**, and **emerging markets risk**. The Portfolio has a **low** level of **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.55%.

Vanguard 500 Index Portfolio**Investment Objective**

The Portfolio seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks.

Investment Strategy

The Portfolio invests in Vanguard Institutional Index Fund, which employs a “passive management”—or indexing—investment approach designed to track the performance of the Standard & Poor’s 500 Index. The Index is a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

Investment Risks

The Portfolio is primarily subject to **stock market risk** and **investment style risk**. The Portfolio has a **low** level of **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.25%.

Vanguard Morgan Growth Portfolio**Investment Objective**

The Portfolio seeks to provide long-term capital appreciation.

Investment Strategy

The Portfolio invests in Vanguard Morgan Growth Fund, which invests mainly in the stocks of mid- and large-capitalization U.S. companies whose revenues and/or earnings are expected to grow faster than those of the average company in the market. The Fund uses multiple investment advisors.

Investment Risks

The Portfolio is primarily subject to **stock market risk**, **investment style risk**, and **manager risk**. The Portfolio has a **moderate** level of **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.54%.

Vanguard Windsor Portfolio**Investment Objective**

The Portfolio seeks to provide long-term capital appreciation and income.

Investment Strategy

The Portfolio invests in Vanguard Windsor Fund, which invests mainly in mid- and large-capitalization companies whose stocks are considered by an advisor to be undervalued. Undervalued stocks are generally those that are out of favor with investors and that the advisor feels are trading at prices that are below average in relation to such measures as earnings and book value. The Fund uses multiple investment advisors.

Investment Risks

The Portfolio is primarily subject to **stock market risk**, **investment style risk**, and **manager risk**. The Portfolio has a **moderate** level of **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.43%.

Vanguard Growth Index Portfolio**Investment Objective**

The Portfolio seeks to track the performance of a benchmark index that measures the investment return of large-capitalization growth stocks.

Investment Strategy

The Portfolio invests in Vanguard Growth Index Fund, which employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Prime Market Growth Index, a broadly diversified index predominantly made up of growth stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that

make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

Investment Risks

The Portfolio is primarily subject to **stock market risk** and **investment style risk**. The Portfolio has a **low** level of **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.31%.

Vanguard Value Index Portfolio

Investment Objective

The Portfolio seeks to track the performance of a benchmark index that measures the investment return of large-capitalization value stocks.

Investment Strategy

The Portfolio invests in Vanguard Value Index Fund, which employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Prime Market Value Index, a broadly diversified index predominantly made up of value stocks of large U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

Investment Risks

The Portfolio is primarily subject to **stock market risk** and **investment style risk**. The Portfolio has a **low** level of **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.31%.

Vanguard Mid-Cap Index Portfolio

Investment Objective

The Portfolio seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks.

Investment Strategy

The Portfolio invests in Vanguard Mid-Cap Index Fund, which employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Mid Cap 450 Index, a broadly diversified index of stocks of medium-size U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

Investment Risks

The Portfolio is primarily subject to **stock market risk** and **investment style risk**. The Portfolio has a **low** level of **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.31%.

Vanguard Small-Cap Index Portfolio

Investment Objective

The Portfolio seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks.

Investment Strategy

The Portfolio invests in Vanguard Small-Cap Index Fund, which employs a “passive management”—or indexing—investment approach designed to track the performance of the MSCI US Small Cap 1750 Index, a broadly diversified index of stocks of smaller U.S. companies. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

Investment Risks

The Portfolio is primarily subject to **stock market risk** and **investment style risk**. The Portfolio has a **low** level of **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.31%.

Vanguard STAR Portfolio

Investment Objective

The Portfolio seeks to provide long-term capital appreciation and income.

Investment Strategy

The Portfolio invests in Vanguard STAR Fund. As a “fund of funds,” the STAR Fund invests in a diversified group of other Vanguard mutual funds, rather than in individual securities. The Fund follows a balanced investment approach by placing 60% to 70% of its assets in common stocks through eight stock funds, 20% to 30% of its assets in bonds through two bond funds, and 10% to 20% of its assets in short-term investments through a short-term bond fund. Through the underlying funds, the STAR Fund owns diversified mixes of stocks and bonds. The Fund’s stock fund holdings emphasize large-capitalization stocks of domestic companies and, to a lesser extent, a diversified group of stocks in companies located outside the United States. The Fund’s bond fund holdings focus predominantly on short- and long-term investment-grade corporate bonds and GNMA mortgage-backed securities.

Vanguard STAR Fund invests in the following Vanguard mutual funds:

Stock funds: Vanguard Windsor II Fund, Vanguard Windsor Fund, Vanguard U.S. Growth Fund, Vanguard PRIMECAP Fund, Vanguard Morgan Growth Fund, Vanguard International

Growth Fund, Vanguard International Value Fund, and Vanguard Explorer™ Fund.

Bond funds: Vanguard GNMA Fund, Vanguard Long-Term Investment-Grade Fund, and Vanguard Short-Term Investment-Grade Fund.

Additional information about the investment strategies and risks of each mutual fund in which Vanguard STAR Fund invests is available in each fund's current prospectus, *Statement of Additional Information*, or most recent semiannual or annual report. These documents are available online at vanguard.com or by calling **866-734-4530**.

Investment Risks

The Portfolio is primarily subject to **stock market risk**, **country/regional risk**, **currency risk**, and **manager risk**. The Portfolio also has **low to moderate** levels of **interest rate risk**, **credit risk**, **income risk**, and **call/prepayment risk**, and a **low** level of **derivatives risk**. Country/regional risk and currency risk are especially high in emerging markets.

Expense Ratio

The expense ratio for this Portfolio is 0.55%.

Vanguard Total Bond Market Index Portfolio

Investment Objective

The Portfolio seeks to track the performance of a broad, market-weighted bond index.

Investment Strategy

The Portfolio invests in Vanguard Total Bond Market Index Fund, which employs a "passive management"—or indexing—investment approach designed to track the performance of the Barclays Capital U.S. Aggregate Float Adjusted Index. This Index measures a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States—including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities—all with maturities of more than 1 year. The Fund invests by sampling the Index, meaning that it holds a broadly diversified collection of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics. All of the Fund's investments will be selected through the sampling process, and at least 80% of the Fund's assets will be invested in bonds held in the Index. The Fund maintains a dollar-weighted average maturity consistent with that of the Index, which generally ranges between 5 and 10 years.

Investment Risks

The Portfolio is subject to **moderate** levels of **interest rate risk**, **income risk**, and **call/prepayment risk**, and **low** levels of **credit risk**, **index sampling risk**, and **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.28%.

Vanguard Inflation-Protected Securities Portfolio

Investment Objective

The Portfolio seeks to provide inflation protection and income consistent with investment in inflation-indexed securities.

Investment Strategy

The Portfolio invests in Vanguard Inflation-Protected Securities Fund, which invests at least 80% of its assets in inflation-indexed bonds issued by the U.S. government, its agencies and instrumentalities, and corporations.

The Fund may invest in bonds of any maturity; however, its dollar-weighted average maturity is expected to be in the range of 7 to 20 years. At a minimum, all bonds purchased by the Fund will be rated investment-grade. However, unlike a conventional bond, whose issuer makes regular fixed-interest payments and repays the face value of the bond at maturity, an inflation-indexed security (IIS) provides principal and interest payments that are adjusted over time to reflect a rise (inflation) or a drop (deflation) in the general price level. In the event of deflation, the U.S. Treasury has guaranteed that it will repay at least the face value of an IIS issued by the U.S. government.

Investment Risks

The Portfolio is subject to a **high** level of **income fluctuation risk**. The Portfolio is also subject to **interest rate risk**, **manager risk**, and a **low** level of **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.32%.

Vanguard High-Yield Bond Portfolio

Investment Objective

The Portfolio seeks to provide a high level of current income.

Investment Strategy

The Portfolio invests in Vanguard High-Yield Corporate Fund, which invests mainly in a diversified group of high-yielding, higher-risk corporate bonds—commonly known as "junk bonds"—with medium- and lower-range credit-quality ratings. The Fund invests at least 80% of its assets in corporate bonds that are rated below Baa by Moody's Investors Service, Inc.; have an equivalent rating by any other independent bond-rating agency; or, if unrated, are determined to be of comparable quality by the Fund's advisor. The Fund may not invest more than 20% of its assets in any of the following, taken as a whole: bonds with credit ratings lower than B or the equivalent, convertible securities, preferred stocks, and fixed and floating rate loans of medium- to lower-range credit quality. The loans that the Fund may invest in will be rated Baa or below by Moody's; have an equivalent rating by any other bond-rating agency; or if unrated, are determined to be of comparable quality by the Fund's advisor. The Fund's high-yield bonds and loans mostly have short- and intermediate-term maturities.

Investment Risks

The Portfolio is primarily subject to **credit risk**. The Portfolio is also subject to **income risk, interest rate risk, liquidity risk, manager risk**, and a **low** level of **derivatives risk**.

Expense Ratio

The expense ratio for this Portfolio is 0.38%.

Vanguard Interest Accumulation Portfolio

Investment Objective

The Portfolio seeks income consistent with the preservation of principal.

Investment Strategy

The Portfolio directs all of its assets into Vanguard Short-Term Reserves Account, through which the Portfolio owns shares of Vanguard Prime Money Market Fund and funding agreements issued by one or more insurance companies. Vanguard Prime Money Market Fund invests in high-quality, short-term money market instruments, including certificates of deposit, banker's acceptances, commercial paper, and other money market securities. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security). If unrated, the security must be determined by Vanguard to be of quality equivalent to those in the two highest credit-quality categories. Vanguard Prime Money Market Fund invests more than 25% of its assets in securities issued by companies in the financial services industry. The Prime Money Market Fund maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. Funding agreements are interest-bearing contracts that are structured to preserve principal and accumulate interest earnings over the life of the investment. Funding agreements generally pay interest at a fixed minimum rate and have fixed maturity dates that normally range from 2 to 5 years. Investments in new funding agreements are based upon available liquidity in the portfolio, and the competitiveness of the interest rates offered by eligible high-quality issuers, based on market conditions and trends.

The Portfolio has a longer average maturity than most money market funds, which should result in higher yields when interest rates are stable or declining. However, because only a portion of the Portfolio's investment matures each year, its yield will change more slowly than that of a money market fund. As a result, when interest rates are rising, the Portfolio's yield may fall below money market funds' yields for an extended time period.

Note: Vanguard Short-Term Reserves Account's investments in Vanguard Prime Money Market Fund are not insured or guaranteed by the Federal Deposit Insurance Corporation ("FDIC") or any other government agency. Although the Fund seeks to preserve the value of the investment at \$1 per share, it

is possible that Vanguard Short-Term Reserves Account may lose money by investing in the Fund.

Investment Risks

The Portfolio is subject to a **high** level of **income risk** and **moderate** levels of **industry concentration risk, manager risk**, and **credit risk**. The Portfolio also has a **low** level of **derivatives risk**.

Funding agreements are backed by the financial strength of the insurance companies that issue the contracts. Every effort is made to select very-high-quality insurance companies. However, the Portfolio may lose value if an insurance company is unable to make interest or principal payments when due.

Expense Ratio

The expense ratio for this Portfolio is 0.25%.

Explanation of the Risk Factors of the Portfolios

Call/Prepayment Risk. This is the chance that during periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. The Underlying Fund would then lose any price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Underlying Fund's income. For mortgage-backed securities, this risk is known as prepayment risk.

Country/Regional Risk. Underlying Funds that invest in foreign securities are subject to country/regional risk, which is the chance that world events—such as political upheaval, financial troubles, or natural disasters—will adversely affect the value of securities issued by companies in foreign countries or regions.

Credit Risk. This is the chance that an issuer of a bond owned by an Underlying Fund or a funding agreement issued to an Underlying Fund will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline.

Currency Risk. Underlying Funds that invest in foreign securities are subject to currency risk, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

Derivatives Risk. Each of the Underlying Funds may invest, to a limited extent, in derivatives. Generally speaking, a derivative is a financial contract whose value is based on the value of a financial asset (such as a stock, bond, or currency), a physical asset (such as gold, oil, or wheat), or a market index (such as the Standard & Poor's 500 Index). Investments in derivatives may subject the Underlying Funds to risks different from, and possibly greater than, those of the underlying securities, assets,

or market indexes. The Underlying Funds will not use derivatives for speculation or for the purpose of leveraging (magnifying) investment returns.

Emerging Markets Risk. Underlying Funds that invest in foreign securities may also be subject to emerging markets risk, which is the chance that the stocks of companies located in emerging markets will be substantially more volatile, and substantially less liquid, than the stocks of companies located in more developed foreign markets.

Income Fluctuation Risk. This is the chance that an Underlying Fund's quarterly income distributions will fluctuate considerably more than the income distributions of a typical bond fund. For Vanguard Inflation-Protected Securities Fund, income fluctuations associated with changes in interest rates are expected to be low; however, income fluctuations associated with changes in inflation rates are expected to be high.

Income Risk. This is the chance that falling interest rates will cause an Underlying Fund's income to decline. Income risk is generally higher for short-term bond funds and lower for long-term bond funds.

Index Sampling Risk. This is the chance that the securities selected for an Underlying Fund that uses the sampling method of indexing will not, in the aggregate, provide investment performance matching that of the Fund's target index.

Industry Concentration Risk. This is the chance that there will be overall problems affecting a particular industry. Because the Income and Interest Accumulation Portfolios invest indirectly in Vanguard Prime Money Market Fund, which invests more than 25% of its assets in securities of companies in the financial services industry, each Portfolio's performance will depend to a greater extent on the overall condition of that industry.

Interest Rate Risk. This is the chance that bond prices overall will decline because of rising interest rates. Interest rate risk should be low for short-term bond funds, moderate for intermediate-term bond funds, and high for long-term bond funds.

Investment Style Risk. This is the chance that returns from the types of stocks in which an Underlying Fund invests will trail returns from the overall stock market. Specific types of stocks (for instance, small-capitalization stocks) tend to go through cycles of doing better—or worse—than the stock market in general. These periods have, in the past, lasted for as long as several years.

Liquidity Risk. This is the chance that the Underlying Fund could experience difficulties in valuing and selling illiquid high-yield bonds or loans. In the event that the Underlying Fund needs to sell a security during periods of infrequent trading of the security, it may not receive full value for the security.

Manager Risk. This is the chance that poor security selection or focus on securities in a particular sector, category, or group of companies will cause an Underlying Fund to underperform relevant benchmarks or other funds with a similar investment objective.

Stock Market Risk. This is the risk that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of mid- and small-cap stocks often fluctuate more than those of large-cap stocks. In addition, an Underlying Fund's target index may, at times, become focused in stocks of a particular sector, category, or group of companies. An Underlying Fund's investments in foreign stock markets can be riskier than U.S. stock investments. The prices of foreign stocks and the prices of U.S. stocks have, at times, moved in opposite directions.

Performance

The following table shows how the performance of the Portfolios has varied over the periods indicated. The performance data include each Portfolio's expense ratio but do not include other charges associated with an investment in The Vanguard Plan. Please see **Part 4. The Vanguard Plan Fees and Charges**.

The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' portfolio units, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit vanguard.com/performance.

Keep in mind that the performance of the Portfolios will differ from the performance of the Underlying Funds, even when a Portfolio invests in only one Underlying Fund. This is due primarily to differences in expense ratios and differences in the trade dates of Portfolio purchases. Because the Portfolios

have higher expense ratios than the Underlying Funds, over comparable periods of time, all other things being equal, a Portfolio would have lower performance than its comparable Underlying Fund. (Of course, investing directly in the Underlying Funds does not offer the same tax advantages as investing in the Portfolios.) Performance differences also are caused by differences in the trade dates of Portfolio purchases. When you invest in a Portfolio, you will receive Portfolio units as of the trade date, which is determined as described in **Part 7. Other Information About Your Account—Pricing of Portfolio Units**. The Portfolio will use your money to purchase shares of an Underlying Fund. However, the trade date for the Portfolio's purchase of the Underlying Fund's shares typically will be one business day after the trade date for your purchase of Portfolio units. Depending on the amount of cash flow into or out of the Portfolio and whether the Underlying Fund is going up or down in value, this timing difference will cause the Portfolio's performance either to trail or exceed the Underlying Fund's performance.

Average Annual Total Returns as of June 30, 2011

Portfolio	1 Year	3 Years	5 years	Since Inception	Inception Date
Vanguard Aggressive Growth Portfolio	32.00%	3.16%	3.29%	7.92%	12/12/2002
Vanguard Growth Portfolio	24.45	4.49	4.36	6.89	12/16/2002
Vanguard Moderate Growth Portfolio	17.13	5.41	5.26	6.52	12/11/2002
Vanguard Conservative Growth Portfolio	10.12	5.85	5.88	6.15	12/16/2002
Vanguard Income Portfolio	3.63	4.40	5.21	4.26	12/16/2002
Vanguard Total Stock Market Index Portfolio	32.20	4.00	3.28	7.07	12/11/2002
Vanguard Total International Stock Index Portfolio	30.58	-0.73	2.92	10.96	12/11/2002
Vanguard 500 Index Portfolio	30.29	3.01	2.55	6.09	12/17/2002
Vanguard Morgan Growth Portfolio	35.25	3.11	—	2.20	12/1/2006
Vanguard Windsor Portfolio	29.87	4.16	—	-1.97	12/1/2006
Vanguard Growth Index Portfolio	34.27	3.96	4.92	6.62	12/17/2002
Vanguard Value Index Portfolio	28.30	2.72	1.10	6.89	12/11/2002
Vanguard Mid-Cap Index Portfolio	38.33	6.07	4.71	10.61	12/17/2002
Vanguard Small-Cap Index Portfolio	39.15	9.00	5.24	11.23	12/16/2002
Vanguard STAR Portfolio	20.72	5.13	—	3.06	12/1/2006
Vanguard Total Bond Market Index Portfolio	3.39	5.92	6.02	4.56	12/16/2002
Vanguard Inflation-Protected Securities Portfolio	6.91	4.35	6.18	5.60	12/11/2002
Vanguard High-Yield Bond Portfolio	13.58	9.35	6.81	7.16	12/11/2002
Vanguard Interest Accumulation Portfolio	0.59	1.24	2.41	2.56	10/15/2004

If you are invested in an Age-Based Option, the assets in the Portfolio in which you are currently invested (“Current Portfolio”) will automatically transfer to other Portfolios as the Beneficiary ages and depending upon the Option you chose. Accordingly, your assets in your Current Portfolio may not have been invested in the Current Portfolio for all or a portion of the period reported in the Performance table shown on page 16. Thus, your personal performance may be different than the performance for a Portfolio as shown on page 16.

Part 4. The Vanguard Plan Fees and Charges

Program Fees

The Board, in its sole discretion, will establish, and may change at any time, the fees and charges it deems appropriate for The Vanguard Plan. In the future, the Plan’s fees and charges could be higher or lower than those discussed in this Program Description.

Expense Ratio

Each Portfolio charges an expense ratio comprising each Underlying Fund’s expense, and the Program management fee. The expense ratio is charged daily against the assets of each Portfolio at an annualized rate equal to the expense ratio

identified in the table below. The expense ratio of a Portfolio may change.

Each account indirectly bears its pro rata share of the annual fees and expenses charged by the Underlying Funds in which each Portfolio held by the account invests. Actual future Underlying Fund expenses may be higher or lower than those shown.

The Program management fee includes the administrative and investment management fees paid to Vanguard and Upromise Investments for their services to The Vanguard Plan. Changes in an Underlying Fund’s expenses, or the Program management fees, may result in a change to the Portfolio’s expense ratio.

State Annual Payment

Vanguard and Upromise have entered into an agreement with the Board to provide an annual payment to the State of Nevada’s Treasurer’s Office for oversight of Nevada’s 529 Plans. Under Nevada law, all fees received by the state are deposited in the Nevada College Savings Trust Fund and are used: (1) to administer and market Nevada’s 529 Plans, (2) for purposes related to the Plan and certain other Nevada 529 Plans, and (3) to assist the residents of Nevada to attain postsecondary education.

	Estimated Underlying Fund Expenses ¹	State Fee ²	Program Management Fee ³	Expense Ratio
Vanguard Aggressive Growth Portfolio	0.05%	None	0.20%	0.25%
Vanguard Growth Portfolio	0.06	None	0.19	0.25
Vanguard Moderate Growth Portfolio	0.06	None	0.19	0.25
Vanguard Conservative Growth Portfolio	0.07	None	0.18	0.25
Vanguard Income Portfolio	0.07	None	0.18	0.25
Vanguard Interest Accumulation Portfolio	0.08	None	0.17	0.25
Vanguard Total Stock Market Index Portfolio	0.02	None	0.23	0.25
Vanguard 500 Index Portfolio	0.02	None	0.23	0.25
Vanguard Total International Stock Index Portfolio	0.12	None	0.43	0.55
Vanguard Morgan Growth Portfolio	0.30	None	0.24	0.54
Vanguard Windsor Portfolio	0.22	None	0.21	0.43
Vanguard Growth Index Portfolio	0.08	None	0.23	0.31
Vanguard Value Index Portfolio	0.08	None	0.23	0.31
Vanguard Mid-Cap Index Portfolio	0.06	None	0.25	0.31
Vanguard Small-Cap Index Portfolio	0.06	None	0.25	0.31
Vanguard STAR Portfolio	0.34	None	0.21	0.55
Vanguard Total Bond Market Index Portfolio	0.05	None	0.23	0.28
Vanguard Inflation-Protected Securities Portfolio	0.07	None	0.25	0.32
Vanguard High-Yield Bond Portfolio	0.13	None	0.25	0.38

¹Estimated Underlying Fund Expenses reflect expense ratios of each Underlying Fund and are net of any “Acquired Fund Fees and Expenses” otherwise applicable to each Underlying Fund. Expenses for multiple-fund Portfolios represent a weighted average of the expenses of the Portfolio’s Underlying Funds. Expense ratios have been derived from each Underlying Fund’s most recent prospectus as of June 30, 2011.

²As described in State Annual Payment, Vanguard and Upromise provide an annual payment to the State of Nevada’s Treasurer’s Office for oversight of Nevada’s 529 Plans.

³Vanguard and Upromise have agreed to a specific formula for the allocation of the Program management fee.

Other Charges

The Vanguard Plan reserves the right to charge an account in any circumstance in which the Plan incurs expenses on behalf of the account (e.g., when a check, automatic investment plan payment, or electronic bank transfer is returned unpaid by the financial institution upon which it is drawn). The Vanguard Plan will assess a low-balance fee on any account, including an account funded through an employer automatic investment plan or approved organization, if the balance is below \$3,000. The fee is assessed in the anniversary month of the month you originally opened the account. The low-balance fee is \$20 per year, but this amount may be changed without notice. If you close an account prior to your anniversary date and the account would have been subject to a fee, the Plan will deduct the fee on a prorated basis. The Plan may deduct the fees and charges identified in this paragraph directly from your Plan account. If you request delivery of withdrawal proceeds or any other item

by express delivery service, the Plan may charge you for this service.

Investment Cost Example

The following example is intended to help you compare the cost of investing in the Portfolios over different time periods. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in a Portfolio. This example assumes that a Portfolio provides a return of 5% a year, and that the Portfolio's expense ratio remains the same as shown in the table on page 17. The results apply whether or not the investment is redeemed at the end of the period, but they do not take into account any redemptions that are Nonqualified Withdrawals (defined in **Part 7. Other Information About Your Account—Withdrawals**) or withdrawals otherwise subject to state or federal income taxes or any penalties.

Portfolio	1 Year	3 Years	5 Years	10 Years
Vanguard Aggressive Growth Portfolio	\$25.59	\$80.49	\$140.72	\$318.18
Vanguard Growth Portfolio	\$25.59	\$80.49	\$140.72	\$318.18
Vanguard Moderate Growth Portfolio	\$25.59	\$80.49	\$140.72	\$318.18
Vanguard Conservative Growth Portfolio	\$25.59	\$80.49	\$140.72	\$318.18
Vanguard Income Portfolio	\$25.59	\$80.49	\$140.72	\$318.18
Vanguard Interest Accumulation Portfolio	\$25.59	\$80.49	\$140.72	\$318.18
Vanguard Total Stock Market Index Portfolio	\$25.59	\$80.49	\$140.72	\$318.18
Vanguard 500 Index Portfolio	\$25.59	\$80.49	\$140.72	\$318.18
Vanguard Total International Stock Index Portfolio	\$56.22	\$176.29	\$307.28	\$689.28
Vanguard Morgan Growth Portfolio	\$55.20	\$173.11	\$301.76	\$677.10
Vanguard Windsor Portfolio	\$43.98	\$138.07	\$240.95	\$542.23
Vanguard Growth Index Portfolio	\$31.73	\$99.71	\$174.23	\$393.33
Vanguard Value Index Portfolio	\$31.73	\$99.71	\$174.23	\$393.33
Vanguard Mid-Cap Index Portfolio	\$31.73	\$99.71	\$174.23	\$393.33
Vanguard Small-Cap Index Portfolio	\$31.73	\$99.71	\$174.23	\$393.33
Vanguard STAR Portfolio	\$56.22	\$176.29	\$307.28	\$689.28
Vanguard Total Bond Market Index Portfolio	\$28.66	\$90.10	\$157.49	\$355.82
Vanguard Inflation-Protected Securities Portfolio	\$32.75	\$102.92	\$179.80	\$405.81
Vanguard High-Yield Bond Portfolio	\$38.88	\$122.10	\$213.20	\$480.41

These examples do not represent actual expenses or performance from the past or for the future. Actual future expenses may be higher or lower than those shown.

Part 5. Risks of Investing in The Vanguard Plan

Investing in The Vanguard Plan involves certain risks, including the possibility that you may lose money over short or even long periods of time. In addition to the investment risks of the Portfolios, described above in **Part 3**, there are certain risks relating to The Vanguard Plan generally. These risks are described below.

No Guarantee of Principal or Earnings; No Insurance

The value of your account may increase or decrease over time based on the performance of the Portfolio(s) you select. It is possible that, at any given time, your account's value may be less than the total amount contributed. Neither The Vanguard Plan nor any of its Associated Persons makes any guarantee of, or has any legal obligations to ensure, a particular level of investment return. An investment in the Plan is not a bank deposit, and it is not insured or guaranteed by the federal government, the FDIC, or any other government agency.

Limited Investment Direction

An Account Owner or contributor may not direct the underlying investments of a Portfolio. The ongoing money management is the responsibility of the Board, Upromise, and Vanguard.

Liquidity

Investments in a 529 Plan are considered less liquid than other types of investments (for example, investments in mutual fund shares), because the circumstances in which you may withdraw money from a 529 Plan account without a penalty or adverse tax consequences are significantly more limited.

Potential Changes to The Vanguard Plan

The Board reserves the right, in its sole discretion, to discontinue The Vanguard Plan or to change any aspect of the Plan. For example, the Board may change the Plan's fees and charges; add, subtract, or merge Portfolios; close a Portfolio to new investors; or change the Underlying Fund(s) of a Portfolio. Depending on the nature of the change, Account Owners may be required to participate in, or be prohibited from participating in, the change with respect to accounts established before the change. Upromise may not necessarily continue as Program Manager, and Vanguard may not necessarily continue as Investment Manager indefinitely.

Status of Federal and State Law and Regulations Governing The Vanguard Plan

Federal and state law and regulations governing the administration of 529 Plans could change in the future. In addition, federal and state laws on related matters, such as the funding of higher-education expenses, treatment of financial aid, and tax rules, are subject to frequent change. It is unknown what effect these kinds of changes could have on an account. You should also consider the potential impact of any other state laws on your account. Those changes could adversely affect

Account Owners and Beneficiaries. You should consult your tax advisor for more information.

No Indemnification

Neither the Plan nor Vanguard nor Upromise will indemnify any Account Owner or Beneficiary against losses or other claims arising from the official or unofficial acts, negligent or otherwise, of Board members or state employees.

Eligibility for Financial Aid

Being the owner or beneficiary of a 529 Plan account may adversely affect one's eligibility for financial aid.

- In making decisions about eligibility for financial aid programs offered by the U.S. government and the amount of such aid required, the U.S. Department of Education takes into consideration a variety of factors, including, among other things, the assets owned by the student (i.e., the beneficiary) and the assets owned by the student's parents. The Department generally expects the student to spend a substantially larger portion of his or her own assets on educational expenses than the parents. Available balances in a 529 account are treated as an asset of (a) the student if the student is an independent student, or (b) the parent if the student is a dependent student, regardless of whether the owner of the 529 account is the student or the parent.
- With respect to financial aid programs offered by educational institutions and other nonfederal sources, the effect of being the owner or beneficiary of a 529 account varies from institution to institution. Accordingly, no generalizations can be made about the effect of being the owner or beneficiary of a 529 account on the student's eligibility for financial aid, or the amount of aid the student may qualify for, from such sources.

The federal and nonfederal financial aid program treatments of assets in a 529 Plan are subject to change at any time. You should therefore check and periodically monitor the applicable laws and other official guidance, as well as particular program and institutional rules and requirements, to determine the impact of 529 Plan assets on eligibility under particular financial aid programs.

No Guarantee That Investments Will Cover Education-Related Expenses

There is no guarantee that the money in your account will be sufficient to cover all of a Beneficiary's higher-education expenses, even if contributions are made in the maximum allowable amount for the Beneficiary. The future rate of increase in higher-education expenses is uncertain and could exceed the rate of investment return earned by any or all of the Portfolios over any relevant period.

Education Savings and Investment Alternatives

In addition to The Vanguard Plan, there are many other qualified tuition programs, including programs designed to provide prepaid tuition and certain other educational expenses, as well as other education savings and investment alternatives. These alternative programs may offer different investment vehicles and may result in different tax and other consequences. They may have different eligibility requirements and other features, as well as fees and expenses that may be more or less than those charged by The Vanguard Plan. You should consider other investment alternatives before establishing an account in The Vanguard Plan.

Medicaid and Other Federal and State Benefits

The effect of an account on eligibility for Medicaid or other state and federal benefits is uncertain. It is possible that an account in The Vanguard Plan will be viewed as a “countable resource” in determining an individual’s financial eligibility for Medicaid. Withdrawals from an account during certain periods also may have the effect of delaying the disbursement of Medicaid payments. You should consult a qualified advisor to determine how a 529 Plan account may affect eligibility for Medicaid or other state and federal benefits.

No Guarantee of Admittance

Participation in The Vanguard Plan does not guarantee or otherwise provide a commitment that the Beneficiary will be admitted to, be allowed to continue to attend, or receive a degree from any educational institution. Participation in The Vanguard Plan also does not guarantee that a Beneficiary will be treated as a resident of any state for tuition or any other purpose.

Part 6. Information About The Vanguard Plan and Upromise

The Nevada College Savings Program

The College Savings Program of Nevada (the “Program”) was created under Chapter 353B of the Nevada Revised Statutes (the “Act”). The Program, established as an investing vehicle for higher-education expenses, is designed to qualify for treatment as a qualified tuition program under Section 529 of the Internal Revenue Code of 1986, as amended, and any regulations and other guidance issued thereunder (“Section 529”). As part of the Program, the Act authorized the creation of the Trust to hold all of the assets of the Program.

The Program is administered by the Board of Trustees of the College Savings Plans of Nevada, which is chaired by the Nevada State Treasurer Kate Marshall. The Board also acts as trustee of the Trust. Upromise Investments, Inc., serves as Program Manager and provides management, administration, recordkeeping, and transfer agency services for The Vanguard Plan. Upromise Investments, Inc.’s, affiliate operates the Upromise Service (described on this page) and is in the business of providing program management and administrative

services to qualified tuition programs. Vanguard provides investment management for the mutual funds or separate accounts held in each investment Portfolio. Vanguard also provides distribution, marketing, and customer service for The Vanguard Plan.

Upromise Service

The Vanguard 529 College Savings Plan makes saving for college even easier with the Upromise rewards service (“Upromise Service”) that lets you get back a percentage of your qualified spending with hundreds of America’s leading companies. Once you enroll in The Vanguard Plan, your Upromise Service account and your Vanguard Plan account can be linked so that all or a portion of your rebate dollars are automatically transferred to your 529 account on a periodic basis. The minimum amount for an automatic transfer from a Upromise Service account to an account in The Vanguard Plan is \$50.

The Upromise Service is offered by Upromise, Inc., an affiliate of Upromise Investments, Inc., and is a separate service from The Vanguard Plan. This Program Description provides information concerning The Vanguard Plan, but is not intended to provide detailed information concerning the Upromise Service. The Upromise Service is administered in accordance with the terms and procedures set forth in the Upromise Member Agreement (as amended from time to time), which is available on the Upromise website at www.upromise.com. Participating companies, contribution levels, and terms and conditions are subject to change at any time without notice. If you want more information about the Upromise Service, please visit www.upromise.com.

Ugift—Give College Savings

You may invite family and friends to contribute to your Vanguard Plan Accounts through Ugift—Give College Savings, a Vanguard Plan feature, by either sending an e-mail invitation or providing a gift contribution coupon to family and friends. Gifts may be contributed either in connection with a special event or just to provide a gift to the Account Owner’s Beneficiary. The gift givers fill in their name and gift contribution amount on the contribution coupon provided and mail a check for that amount along with the contribution coupon to the address provided. The minimum Ugift contribution is \$50 by check made payable to *Ugift—Vanguard 529 College Savings Plan*. An optional gift certificate can be completed and presented by the gift giver to acknowledge that a gift contribution has been made to your Account.

Gift contributions associated with a special event will be held by the Program Manager upon receipt and transferred into your Account approximately five business days after the special event. If the gift contribution is received less than two business days prior to the special event, or if the gift contribution is not associated with a special event, then the gift contribution will be held for approximately seven business days before being transferred into your Account. Gift contributions through Ugift are subject to the general contribution limitations. Gift

contributions will be invested according to the allocation on file for your Account at the time the gift contribution is transferred. There may be potential tax consequences of gift contributions to a Vanguard Plan account. You and the gift giver should consult a tax advisor for more information.

Part 7. Other Information About Your Account Contributions

You may contribute money to The Vanguard Plan by any of the following methods: check, automatic investment plan, electronic bank transfer, transfer from a Upromise account, rollover, Vanguard mutual fund, employer automatic investment plan, or approved organization (if your employer has established a relationship with Vanguard to permit such deductions). The Vanguard Plan will not accept contributions made with cash, money orders, stocks, securities, or other nonbank account assets. You may not charge contributions to your credit card. You may receive a minimum gift contribution of \$50 through Ugift—Give College Savings. Additional information about each method of contributing can be found in **Part 6. Information About The Vanguard Plan and Upromise.**

Note: *The Vanguard Plan may deduct money from your account for any expenses incurred by the Plan on your behalf as a result of any check, automatic investment, or telephone purchase via electronic bank transfer being returned unpaid by the financial institution upon which it is drawn.*

Minimum Contributions

Unless you contribute to your account through an employer automatic investment plan or an organization approved by the Board and the Managers of The Vanguard Plan, you must contribute at least \$3,000 to open an account. The minimum amount for additional contributions is \$50. Approved organizations are those that have no existing business relationship with The Vanguard Plan but are granted the ability to invest in the Plan by the Board and Vanguard. You may also receive a minimum gift contribution of \$50 through Ugift—Give College Savings.

Contributions by Check

Please make all checks payable to **The Vanguard 529 College Savings Plan** and send them to the following address: **The Vanguard 529 College Savings Plan, P.O. Box 55111, Boston, MA 02205-5111.** For established accounts, please include your account number on the check.

The Vanguard Plan will not accept contributions made by starter check, bank courtesy check, instant loan check, credit card check, traveler's check, foreign check not in U.S. dollars, check dated more than 180 days before the Plan receives it, postdated check, check with unclear instructions, or any other check the Plan deems unacceptable. Checks made payable to the Account Owner and endorsed by the Account Owner to **The Vanguard 529 College Savings Plan** cannot exceed \$10,000. In addition, the *Vanguard 529 College Savings Plan* will not accept any third-party check to establish a new account.

Automatic Investment Plan (AIP)*

You may contribute to The Vanguard Plan through periodic automated debits of \$50 or more from a checking or savings account at your bank, if your bank is a member of the Automated Clearing House, subject to certain processing restrictions. There is no charge for establishing or maintaining an AIP. To initiate an AIP during enrollment, you must complete the appropriate section of the online or paper Enrollment Application. Even if you initiate an AIP during enrollment, the \$3,000 initial minimum contribution applies. You may elect to authorize an annual increase to your AIP. You also may set up an AIP after an account has been established, either online at **vanguard.com** or by submitting the appropriate form.

Your bank account will be debited on the day you designate, provided the day is a regular business day. If the day you designate falls on a weekend or a holiday, the AIP debit will occur on the next business day. You will receive a trade date of one business day prior to the day the bank debit occurs. For example, if the 15th of every month was selected as the debit date and the 15th falls on a business day, then the trade date for the transaction will be the 14th. The first debit of an AIP must be at least three days from the date of receipt of the AIP request. Quarterly AIP investments will be made on the day indicated every three months, not on a calendar-quarter basis. If no date is designated, your bank account will be debited on the 20th of the month. (If the 20th is not a business day, the debit will be made on the next business day.) Please note that AIPs with a debit date of January 1st, 2nd, 3rd, or 4th will be credited in the same year as the debit date.

Authorization to perform automated periodic deposits will remain in effect until The Vanguard Plan has received notification of termination. Either you or the Plan may terminate your enrollment in the AIP at any time. Changes to, or termination of, an AIP must occur at least five business days before an AIP debit is scheduled to be deducted from your bank account and are not effective until received and processed by the Plan. If your AIP contribution cannot be processed because the bank account on which it is drawn contains insufficient funds or because of incomplete information or inaccurate information, or if the transaction would violate processing restrictions, the Plan reserves the right to suspend processing of future AIP contributions.

*A plan of regular investment cannot assure a profit or protect against a loss in a declining market.

Electronic Bank Transfer (EBT)

You may contribute to your Plan account by giving authorization to make a onetime EBT from your bank checking or savings account, subject to certain processing restrictions. To authorize an EBT, you must provide certain information about the bank account from which money will be withdrawn (the same information required to establish an AIP). Once you have provided that information, you may make an EBT from the designated account to The Vanguard Plan online at

vanguard.com or by phone at **866-734-4530**. There is no charge for making an EBT. Please note, you may only contribute up to \$130,000 per account per day by EBT. EBT contributions in excess of \$130,000 per account per day will be returned in total.

EBT purchase requests that are received in good order by The Vanguard Plan before 10 p.m., Eastern time, will be given a trade date of the next business day after the date of receipt and will be effected at that day's closing price for units of the applicable Portfolio. In such cases, the EBT debit from your bank account will occur on the second business day after the request is received. EBT purchase requests that are received in good order by the Plan after 10 p.m., Eastern time, will be given a trade date of the second business day after the date the request is received, and will be effected at that day's closing price for units of the applicable Portfolio. In such cases, the EBT debit will occur on the third business day after the request is received. If your EBT contribution cannot be processed because the bank account on which it is drawn contains insufficient funds, or because of incomplete information or inaccurate information, or if the transaction would violate processing restrictions, the Plan reserves the right to suspend processing of future EBT contributions.

Incoming Rollover Contributions

You can contribute to The Vanguard Plan with money transferred from another state's 529 Plan. This transaction is known as a "rollover." You may roll over assets from an account in another state's 529 Plan to an account in The Vanguard Plan for the same Beneficiary without penalty or federal income tax consequences provided it has been more than 12 months since any previous rollover for that Beneficiary. You also may roll over money from an account in another state's 529 Plan to an account in The Vanguard Plan at any time without penalty or federal income tax consequences when you change Beneficiaries, provided that the new Beneficiary is a qualifying family member of the old Beneficiary. (See **Changing the Beneficiary** in this section for a list of the eligible people.) A 529 Plan rollover that does not meet these criteria will be considered by the IRS to be a Nonqualified Withdrawal (defined in **Withdrawals** in this section) that is subject to federal income tax, an additional 10% federal penalty tax on earnings, and possibly state tax.

Incoming rollovers can be direct or indirect. Direct rollovers involve the transfer of money from one 529 Plan directly to another. Indirect rollovers involve the transfer of money from an account in another state's 529 Plan to the Account Owner, who then contributes the money to an account in The Vanguard Plan. To avoid penalties and federal income tax consequences, money received by an Account Owner in an indirect rollover must be contributed to The Vanguard Plan within 60 days of the withdrawal. You should be aware that not all states permit direct rollovers from 529 Plans. In addition, there may be state income tax consequences (and, in some cases, state-imposed penalties) resulting from a rollover out of a state's 529 Plan.

You can roll over assets to The Vanguard Plan either as an initial contribution when you open an account or as an additional contribution to an existing account. When making the rollover, you will need to provide The Vanguard Plan with an account statement or other documentation from the distributing 529 Plan account indicating how much of the rollover money is attributable to earnings. Until The Vanguard Plan receives this documentation, the entire amount of your contribution will be treated as earnings, which would be subject to taxation in the case of a Nonqualified Withdrawal.

Contributions From an Education Savings Account or Qualified U.S. Savings Bond

You can contribute to The Vanguard Plan with proceeds from the sale of assets held in an education savings account (formerly known as an education IRA) or a Qualified U.S. Savings Bond. You will need to provide The Vanguard Plan with the following documentation:

- For assets from an education savings account: An account statement or other documentation from the custodian financial institution showing the total amount contributed and the proportion of the assets that represent earnings.
- For assets obtained by redeeming a Qualified U.S. Savings Bond: An account statement, a Form 1099-INT, or other documentation from the financial institution that redeemed the bond showing how much of the proceeds represented interest and how much represented principal.

Until The Vanguard Plan receives this documentation, the entire amount of your contribution will be treated as earnings, which would be subject to taxation in the case of a Nonqualified Withdrawal.

Contributions From UGMA/UTMA Custodial Accounts

The custodian for a minor under the Uniform Gifts to Minors Act or Uniform Transfers to Minors Act ("UGMA/UTMA") may use the assets previously held in an UGMA/UTMA account to open an account in The Vanguard Plan and act as the Account Owner, subject to the laws of the state under which the UGMA/UTMA account was established. The minor and/or the minor's parent may incur capital gains (or losses) from the sale of noncash assets held by an UGMA/UTMA account. Please contact a tax professional to determine how to transfer UGMA/UTMA custodial assets, and to find out what the implications of such a transfer may be for you.

UGMA/UTMA custodians should consider the following:

- The custodian may make withdrawals only as permitted under UGMA/UTMA and The Vanguard Plan;
- The custodian may not change the Beneficiary of the account (directly or by means of a rollover distribution), except as permitted under UGMA/UTMA;
- The custodian should not change the Account Owner to anyone other than a successor custodian during the term of the custodial account under UGMA/UTMA;

- When the custodianship terminates, the Beneficiary is legally entitled to take control of the account and may become the Account Owner subject to the provisions of The Vanguard Plan that are applicable to accounts established or funded with non-UGMA/UTMA assets; and
- Additional contributions of money not previously gifted to the Beneficiary under UGMA/UTMA should be made to a separate and noncustodial 529 Plan account. A noncustodial 529 Plan account will allow the Account Owner to retain control of the assets and make Beneficiary changes.

Neither The Vanguard Plan nor any of its Associated Persons will be liable for any consequences related to a custodian's improper use, transfer, or characterization of custodial funds.

Contributions From a Vanguard Mutual Fund

You may be able to move assets from a Vanguard mutual fund to your Vanguard 529 Plan account. The Vanguard mutual fund account must be an individual account owned by the same person who owns the Vanguard 529 Plan account, or be an UGMA account moving to a Vanguard 529 Plan UGMA account for the same minor and custodian. This is a two-day process, in which the Vanguard mutual fund redemption occurs first, and the purchase into the Vanguard 529 Plan account occurs on the following business day. **This movement of assets can be done at enrollment or for subsequent purchases, but is only available as an online transaction. Please be aware that this money movement may result in a taxable event.**

Direct Deposits From an Employer or Approved Organization*

You may be eligible to make automatic contributions to your Plan account by an employer automatic investment plan or an organization that has been approved by the Board and the Managers of The Vanguard Plan, provided your employer has agreed to offer the Plan and has signed an Authorization Agreement with Vanguard. The minimum initial and subsequent employer automatic investment plan contribution is \$50.

Contributions by employer automatic investment plan will only be permitted from employers able to meet The Vanguard Plan's operational and administrative requirements for employer automatic investment plans. Please check with your employer to see whether you are eligible to contribute to The Vanguard Plan through an employer automatic investment plan.

*A plan of regular investment cannot ensure a profit or protect against a loss in a declining market.

Transfer of Assets to Another Beneficiary Within the Nevada Program

If you transfer assets to the account of another Beneficiary within The Vanguard Plan or any other 529 Plan sponsored by the state of Nevada, and if the new Beneficiary is a "member of the family" of the prior Beneficiary, then the transfer will be treated as a nontaxable rollover of assets for federal income tax purposes.

Transfer of Assets to the Same Beneficiary Within the Nevada Program

A transfer into a Vanguard 529 Plan account from an account in another plan within the Trust (i.e., another Section 529 savings plan offered by the state of Nevada) for the benefit of the same designated Beneficiary will be treated as a nontaxable annual exchange of investment options allowable only once per calendar year rather than as a tax-free rollover. See **Changing Investment Options for Current Balances and Future Contributions** for more information on changes to investment options.

Changing Investment Options for Current Balances and Future Contributions

You may move money already in your account to a different mix of investment options within The Vanguard Plan or to any other 529 Plan sponsored by the state of Nevada (i.e., make exchanges or reallocate) **only once per calendar year**.

Systematic exchanges that occur because the assets are in an Age-Based Option do not count as a once-per-calendar-year exchange. If you reallocate your money within the Plan, you may be deemed to have used up your "once-per-calendar-year" reallocation of assets and, therefore, you may be prohibited under federal tax rules from reallocating your investments in another 529 Plan sponsored by the state of Nevada during that year.

You may make exchanges anytime you change the Beneficiary. See **Changing the Beneficiary** in this section. However, the Plan reserves the right to suspend processing of a Beneficiary transfer if it suspects that such transfer is being requested for reasons other than intended by the Plan. You may change the allocation of future contributions at any time. Please note that a decision to change the allocation of future contributions will not affect the allocation of assets already in your account, and vice versa.

For example, assume that since you opened your account, your contributions have been allocated 60% to Option A and 40% to Option B. You decide to reallocate existing assets as follows: 60% to Option A and 40% to Option C. At the same time, you decide to allocate 100% of future contributions to Option D. You may not make any other changes to the allocation of existing assets in your account during the current calendar year. However, you may continue to change the allocation of future contributions.

Note: *If you withdraw funds from an account in The Vanguard Plan and subsequently redeposit those funds into an account for the same Beneficiary in another 529 Plan sponsored by the state of Nevada, the withdrawal will be treated as a Nonqualified Withdrawal, potentially subject to tax consequences and penalties. However, you may request a direct transfer of funds from your account to another 529 Plan sponsored by the state of Nevada or a transfer to The Vanguard Plan. Such a direct transfer will be treated as a change of investment options (exchange) and will not be subject to federal income tax or the 10% federal penalty*

tax, provided that it, together with other investment-option changes, does not exceed one per calendar year.

You may exchange existing assets or change the allocation of future contributions online at vanguard.com, by phone at 866-734-4530, or by submitting the appropriate form.

Withdrawals

You may withdraw money from your account at any time, except as noted below. You may request a withdrawal online, by telephone, or by mail. If the request is in good order, the Plan typically will process the withdrawal and initiate payment of a distribution within three business days after the trade date (the trade date is determined in accordance with the policies described in **Pricing of Portfolio Units** in this section). During periods of market volatility and at year-end, withdrawal requests may take up to five business days to process. Please allow ten business days for the proceeds to reach you. The Vanguard Plan will not allow you to withdraw money contributed to your account until it has been collected. For example, if you contribute to an account by check or via an AIP, you may not withdraw that money until your check has cleared or your AIP has been deducted from your bank account and the money is in your Plan account. Contributions made by check, AIP, or EBT will not be available for withdrawal for ten calendar days.

Withdrawals will be held for 15 calendar days from a mailing address change if proceeds are requested by check to the Account Owner, or for a Beneficiary address change if the proceeds are requested by check to the Beneficiary. The 15-calendar-day hold does not apply to checks sent directly to the education institution. Withdrawals by EBT will not be available for 15 calendar days after bank information has been added or edited.

There are two types of withdrawals: Qualified and Nonqualified.

- In a Qualified Withdrawal, the proceeds are used for the Qualified Higher-Education Expenses (as defined below) of your Beneficiary.
- A Nonqualified Withdrawal is any withdrawal that is NOT:
 - a Qualified Withdrawal;
 - a withdrawal paid to a beneficiary of the Beneficiary (or the estate of the Beneficiary) on or after the death of the Beneficiary;
 - a withdrawal by reason of the disability of the Beneficiary;
 - a withdrawal by reason of the receipt of a scholarship or attendance at certain specified military academies by the Beneficiary (to the extent the amount withdrawn does not exceed the amount of the scholarship);
 - a withdrawal that is rolled over into another 529 Plan in accordance with Section 529; or
 - a transfer of assets to the credit of another Beneficiary within The Vanguard Plan or any other 529 Plan sponsored by the state of Nevada, so long as the other

Beneficiary is a qualifying family member of the prior Beneficiary.

Each of these exceptions to treatment as a Nonqualified Withdrawal is explained in more detail in this section.

The earnings portion of a Qualified Withdrawal is not subject to federal income tax. The earnings portion of a Nonqualified Withdrawal: (a) is treated as income to the person who receives it and is thus subject to applicable federal and state income taxes, and (b) in most cases, is subject to an additional 10% federal penalty tax.

Although The Vanguard Plan will report the earnings portion of all withdrawals, it is solely the responsibility of the person receiving the withdrawal to calculate and report any resulting tax liability.

Qualified Higher-Education Expenses

Qualified Higher-Education Expenses currently include:

- Tuition, fees, and the costs of books, supplies, and equipment required for the enrollment or attendance of a Beneficiary at an Eligible Educational Institution;
- Certain room and board costs incurred while attending an Eligible Educational Institution at least half-time; and
- In the case of a special-needs Beneficiary, expenses for special-needs services incurred in connection with enrollment or attendance at an Eligible Educational Institution.
- Room and board expenses (unlike expenses for tuition, fees, books, supplies, equipment, and special-needs services) may be treated as Qualified Higher-Education Expenses only if the Beneficiary is enrolled at least half-time. Half-time is defined as half of a full-time academic workload for the course of study the Beneficiary pursues, based on the standard at the institution where he or she is enrolled.
- Room and board expenses that may be treated as Qualified Higher-Education Expenses generally will be limited to the room and board allowance calculated by the Eligible Educational Institution in its “cost of attendance” for purposes of determining eligibility for federal education assistance for that year. For students living in housing owned or operated by the Eligible Educational Institution, if the actual amount charged for room and board is higher than the “cost of attendance” figure, then the actual amount may be treated as qualified room and board costs.

Eligible Educational Institutions

Eligible Educational Institutions include accredited postsecondary educational institutions in the United States or abroad offering credit toward an associate’s degree, a bachelor’s degree, a graduate-level or professional degree, or another recognized postsecondary credential, and certain postsecondary vocational and proprietary institutions. To be an Eligible Educational Institution for purposes of Section 529, an

institution must be eligible to participate in U.S. Department of Education student financial aid programs.

Withdrawals Exempt From the 10% Federal Penalty Tax

Death of the Beneficiary

If the Beneficiary dies, you may select a new Beneficiary, authorize a payment to a beneficiary of the Beneficiary, or authorize a payment to the estate of the Beneficiary.

A payment to a beneficiary of the Beneficiary or the estate of the Beneficiary will not be subject to the additional 10% federal penalty tax, but earnings will be subject to any applicable federal and state income taxes at the recipient's (the party receiving the withdrawal) tax rate. If you select a new Beneficiary who is a "member of the family" (defined below) of the former Beneficiary (see **Changing the Beneficiary** in this section), you will not owe federal income tax or a penalty.

Disability of the Beneficiary

If the Beneficiary becomes disabled, you may change the Beneficiary or withdraw all or a portion of the account balance. A withdrawal because of the disability of the Beneficiary will not be subject to the additional 10% federal penalty tax, but earnings will be subject to any applicable federal and state income taxes at the recipient's (the party receiving the withdrawal) tax rate.

If you change the Beneficiary to an individual who is a "member of the family" (defined in this section) of the former Beneficiary (see **Changing the Beneficiary** in this section), you will not owe federal income tax or a penalty.

Receipt of Scholarship/Attendance at Certain U.S. Military Academies

If the Beneficiary receives a qualified scholarship or attends the U.S. Military Academy, the U.S. Naval Academy, the U.S. Air Force Academy, the U.S. Coast Guard Academy, or the U.S. Merchant Marine Academy, you may withdraw money from the account for noneducational purposes up to the amount of the scholarship or the cost of attendance at a military academy without imposition of the additional 10% federal penalty tax.

A qualified scholarship includes certain educational assistance allowances under federal law as well as certain payments for educational expenses (or attributable to attendance at certain educational institutions) that are exempt from federal income tax. The earnings portion of a withdrawal because of a qualified scholarship is subject to any applicable federal and state income taxes at the recipient's (the party receiving the withdrawal) tax rate.

Rollovers to Other 529 Plans

You may perform a tax-free rollover of a 529 account for the same Beneficiary once every 12 months. The Vanguard Plan will accept another custodian's rollover request to process a rollover and send a check directly to the 529 Plan custodian.

Maximum Contribution Limit

You may contribute to an account for a Beneficiary provided the aggregate balance of all accounts for the same Beneficiary under all 529 Plans sponsored by the state of Nevada under Section 529 does not exceed the Maximum Contribution Limit, which currently is \$370,000. Accounts that have reached the Maximum Contribution Limit may continue to accrue earnings, but the excess portion of any contribution that would cause the account balance to exceed the Maximum Contribution Limit will not be accepted and will be returned to the contributor. The Maximum Contribution Limit is based on the aggregate market value of the account(s) for a Beneficiary, and not on the aggregate contributions made to the account(s). If the aggregate market value of such account(s) falls below the Maximum Contribution Limit, additional contributions will be accepted.

The Board expects to evaluate the Maximum Contribution Limit annually but reserves the right to make adjustments more or less frequently. To learn of any change in the Maximum Contribution Limit, go to vanguard.com.

Unused Account Assets

If the Beneficiary graduates from an Eligible Educational Institution or chooses not to pursue higher education, and assets remain in the account, you have three options:

1. You can change the Beneficiary to an eligible "member of the family" of the former Beneficiary.
2. You can keep the assets in the account to pay future Qualified Higher-Education Expenses, such as graduate or professional school expenses, of the existing Beneficiary.
3. You can withdraw the remaining assets (including earnings).

Options 1 and 2 are not subject to federal and state income taxes or penalties. Option 3 is a Nonqualified Withdrawal subject to applicable federal and state income taxes, including the additional 10% federal penalty tax.

Pricing of Portfolio Units

When you contribute to The Vanguard Plan, your money will be invested in units of one or more Portfolios, depending on the investment option(s) you select. The price of a Portfolio unit is calculated each business day after the close of trading on the New York Stock Exchange (NYSE). The price is determined by dividing the dollar value of the Portfolio's net assets (i.e., total Portfolio assets minus total Portfolio liabilities) by the number of Portfolio units outstanding. On holidays or other days when the NYSE is closed, the Portfolio's unit price is not calculated, and the Plan does not transact purchase or redemption requests.

When you purchase or redeem units of a Portfolio, you will do so at the price of the Portfolio's units on the trade date. Your trade date will be determined as follows:

- If the Plan receives your transaction request (whether to contribute money, withdraw money, or exchange money between investment options) in good order on a business

day prior to the close of the NYSE, your transaction will receive that day's trade date.

- If the Plan receives your transaction request in good order on a business day after the close of the NYSE or at any time on a nonbusiness day, your transaction will receive the next business day's trade date.
- Notwithstanding the preceding two bullets, AIP and EBT contributions will receive a trade date of the business day before the day the bank debit occurs. Please note that AIPs with a debit date of January 1st, 2nd, 3rd, or 4th will receive a trade date in the same year that the bank debit occurs. (See **Automatic Investment Plan (AIP)** in this section.)

Confirmations and Statements/Safeguarding Your Account

You will receive quarterly account statements indicating, for the applicable time period: (1) contributions made to the account, (2) withdrawals made from the account, (3) exchanges between investment options, (4) contribution percentages among selected investment options in the account, and (5) the total value of the account at the end of that time period. You will receive confirmations for any activity in the account, except for AIP transactions, contributions through an employer automatic investment plan, transfers from a Upromise Service account to your Plan account, or low-balance fee deductions. You will also not receive confirmations when account assets are automatically moved to a more conservative Age-Based Option as a Beneficiary ages—this will appear on your quarterly statement. The Vanguard Plan periodically matches and updates the addresses of record against a change of address database maintained by the U.S. Postal Service to reduce the possibility that items sent by first-class mail, such as account statements, will be undeliverable.

You can securely access and manage your account information—including quarterly statements, transaction confirmations, and tax forms—24 hours a day at **vanguard.com** once you have created an online user name and password. If you open an account online, The Vanguard Plan requires you to select a user name and password right away. If you open an account by submitting a paper application, you may establish a user name and password at **vanguard.com**.

The Vanguard Plan uses reasonable procedures to confirm that transaction requests are genuine. However, you may be responsible for losses resulting from fraudulent or unauthorized instructions received by The Vanguard Plan, provided the Plan reasonably believed the instructions were genuine. To safeguard your account, please keep your information confidential. Contact the Plan immediately if you believe there is a discrepancy between a transaction you requested and your confirmation statement, or if you believe someone has obtained unauthorized access to your account.

If you receive a confirmation that you believe does not accurately reflect your instructions—e.g., the amount invested differs from the amount contributed or the contribution was

not invested in the particular investment options you selected—you have 60 days from the date of the confirmation to notify The Vanguard Plan of the error. If you do not notify the Plan within 60 days, you will be considered to have approved the information in the confirmation and to have released the Plan and its Associated Persons from all responsibility for matters covered by the confirmation.

Control Over the Account

Pursuant to Section 529, the Account Owner controls the account and the disposition of all assets held in the account, including earnings, whether contributed by the Account Owner or by another person. **A Beneficiary who is not the Account Owner has no control over any of the account assets.**

Designation of Successor Account Owner

You may designate a successor Account Owner (to the extent permitted under applicable law) to succeed to all of your rights, title, and interest in an account (including the right to change the Beneficiary) upon your death or inability to continue as Account Owner. This designation can be made on the initial Enrollment Application, which is available online at **vanguard.com**. If you do not initially designate a successor Account Owner but later decide to do so, or if you wish to revoke or change a designation, you may either make the change online at **vanguard.com** or submit the appropriate form to The Vanguard Plan. The designation will become effective for the successor Account Owner once this paperwork has been received and processed. An UGMA/UTMA custodian will not be permitted to change the Account Owner to anyone other than a successor custodian during the term of the custodial account under applicable UGMA/UTMA law.

All requests to transfer ownership to a successor Account Owner after your death or inability to continue as Account Owner must be submitted by authorized persons in writing. Contact The Vanguard Plan at **866-734-4530** for information needed to complete the change of ownership. Please note that a change in Account Owner may have adverse tax consequences.

Changing the Beneficiary

Section 529 permits an Account Owner to change Beneficiaries without adverse federal income tax consequences if the new Beneficiary is a "member of the family" (as defined in this section) of the former Beneficiary. If the new Beneficiary is not a qualifying family member of the former Beneficiary, then the change is treated as a Nonqualified Withdrawal subject to federal and state income taxes and the additional 10% federal penalty tax described above, with the tax consequences described above. There may also be federal gift tax, estate tax, or generation-skipping tax consequences in connection with changing the Beneficiary of a 529 Plan account. Please see **Part 8. Federal and State Tax Treatment—Federal Gift and Estate Taxes.**

To change a Beneficiary, you must submit the appropriate form. At the time you change Beneficiaries, you may reallocate assets

in the account to a different mix of investment options. The Plan reserves the right to suspend the processing of Beneficiary transfers if it suspects that such transfers are intended to avoid the Plan's exchange limits.

Note: Assets invested in an Age-Based Option, if not reallocated to a different investment option, will automatically be moved to the Portfolio within the Option that corresponds to the age of the new Beneficiary (unless the new Beneficiary is in the same age bracket as the former Beneficiary).

Member of the Family

A "member of the family" of the Beneficiary is defined as:

- Father, mother, or an ancestor of either.
- Son, daughter, or a descendant of either.
- Stepfather or stepmother.
- Stepson or stepdaughter.
- Brother, sister, stepbrother or stepsister, half-brother or half-sister.
- Brother or sister of the father or mother.
- Brother-in-law, sister-in-law, son-in-law, daughter-in-law, father-in-law, or mother-in-law.
- Son or daughter of a brother or sister.
- Spouse of the Beneficiary or any of the individuals mentioned above.
- First cousin.

A legally adopted child of an individual shall be treated as the child of such individual by blood.

Part 8. Federal and State Tax Treatment

This section summarizes key aspects of the federal and state tax treatment of contributions to, and withdrawals from, 529 Plan accounts. The information provided below is not exhaustive. It is based on the Plan's understanding of current law and regulatory interpretations relating to 529 Plans generally and is meant to provide 529 Plan participants with general background about the tax characteristics of these programs.

Neither this Part 8, nor any other information provided throughout this Program Description is intended to constitute, nor does it constitute, legal or tax advice. This Program Description was developed to support the marketing of The Vanguard Plan and cannot be relied upon for purposes of avoiding the payment of federal tax penalties. You should consult your legal or tax advisor about the impact of these rules on your individual situation.

The summary tax and legal description provided below is based on the Internal Revenue Code of 1986, as amended (the "Code"), and proposed regulations in effect as of the date of this Program Description, as well as other administrative guidance and announcements issued by the Internal Revenue Service (IRS) and the U.S. Department of Treasury. It is possible that Congress, the Treasury Department, the IRS, or federal or state

courts may take action that will affect the tax treatment of 529 Plan contributions, earnings, withdrawals, or the availability of state tax deductions. Individual state legislation may also affect the state tax treatment of a 529 Plan for residents of that state.

If you are not a Nevada taxpayer, consider before investing whether your or the Beneficiary's home state offers a 529 Plan that provides its taxpayers with favorable state tax or other benefits that may only be available through investment in the home state's 529 Plan, and which are not available through investment in The Vanguard Plan. Since different states have different tax provisions, this Program Description contains limited information about the state tax consequences of investing in The Vanguard Plan. Therefore, please consult your financial, tax, or other advisor to learn more about how state-based benefits (or any limitations) would apply to your specific circumstances. You also may wish to contact your home state's 529 Plan(s), or any other 529 Plan, to learn more about those plans' features, benefits, and limitations. Keep in mind that state-based benefits should be one of many appropriately weighted factors to be considered when making an investment decision.

The Plan strongly encourages Account Owners and Beneficiaries to consult with their tax advisors regarding the tax consequences of contributing money to, or withdrawing money from, a 529 Plan account.

529 Plans Generally

529 Plans allow individuals, trusts, and certain corporate entities to provide for the education-related expenses of a Beneficiary in a tax-advantaged manner. To be eligible for these tax benefits, 529 Plan account assets must be used to pay the Qualified Higher-Education Expenses of the Beneficiary at an Eligible Educational Institution. The terms "Qualified Higher-Education Expenses" and "Eligible Educational Institution" are defined in **Part 7. Other Information About Your Account—Withdrawals**.

529 Plan Contributions and Withdrawals

Federal law does not allow a tax deduction for contributions to 529 Plans. However, the income earned on any such contributions generally may grow free of federal income tax until distributed. Qualified Withdrawals (i.e., withdrawals to pay for the Qualified Higher-Education Expenses of a Beneficiary) and qualified rollovers are not subject to federal income taxation. The earnings portion of Nonqualified Withdrawals, however, is subject to all applicable federal and state income taxes and, in most cases, to an additional 10% federal penalty tax.

The additional 10% federal penalty tax does not apply to certain withdrawals made because of: (1) the death or disability of the Beneficiary, (2) a qualified rollover, as described below, (3) attendance at certain specified U.S. military academies, or (4) a scholarship, allowance, or similar payment made to the Beneficiary, but only to the extent of such payment. See **Part 7**.

Other Information About Your Account—Withdrawals Exempt From the 10% Federal Penalty Tax.

All accounts in 529 Plans sponsored by the state of Nevada (other than the Nevada Prepaid Tuition Program) with the same Account Owner and Beneficiary will be aggregated for purposes of calculating the earnings portion of a particular withdrawal. This calculation will be made as of the withdrawal date.

Qualified Rollovers

An Account Owner may transfer all or part of the funds in a 529 Plan account to an account in another 529 Plan without adverse federal income tax consequences if, within 60 days of the withdrawal from the distributing account, such funds are transferred to or deposited into an account at another 529 Plan for the benefit of: (1) an individual who is a “member of the family” (defined in **Part 7. Other Information About Your Account—Changing the Beneficiary**) of the former Beneficiary, or (2) the same Beneficiary, but only if no other such rollover distribution or transfer has been made for the benefit of such individual within the preceding 12 months. Transfers for the same Beneficiary between 529 Plans sponsored by the state of Nevada are not subject to this rule. See **Part 7. Other Information about Your Account—Changing Investment Options for Current Balances and Future Contributions.**

Other Contributions and Transfers

An individual may generally transfer into a 529 Plan account, without adverse federal income tax consequences, all or part of: (1) money held in an account in The Vanguard Plan for a “member of the family” of the Beneficiary, if the money is transferred within 60 days of the withdrawal from the distributing account, (2) money from an education savings account described in Section 530 of the Code, or (3) the proceeds from the redemption of a qualified U.S. Savings Bond described in Section 135 of the Code.

Coordination With Other Higher-Education Expense Benefit Programs

The tax benefits afforded to 529 Plans must be coordinated with other programs designed to provide tax benefits for meeting higher-education expenses in order to avoid the duplication of such benefits. The coordinated programs include the education savings accounts under Section 530 of the Code and the Hope and Lifetime Learning Credits under Section 25A of the Code.

Education Savings Accounts

An individual may contribute money to, or withdraw money from, both a 529 Plan account and an education savings account in the same year. However, to the extent the total withdrawals from both accounts exceed the amount of the Qualified Higher-Education Expenses incurred that qualifies for tax-free treatment under Section 529, the recipient must allocate his or her Qualified Higher-Education Expenses between both such

withdrawals in order to determine how much may be treated as tax-free under each program.

Hope Scholarship and Lifetime Learning Tax Credits

The use of a Hope Scholarship tax credit or Lifetime Learning tax credit by a qualifying Account Owner and Beneficiary will not affect participation in or benefits from a 529 Plan account, so long as the 529 Plan assets are not used for the same expenses for which the credit was claimed.

Federal Gift and Estate Taxes

Contributions (including certain rollover contributions) to a 529 Plan account generally are considered completed gifts to the Beneficiary and are eligible for the applicable annual exclusion from gift and generation-skipping transfer taxes (in 2011, \$13,000 for a single individual or \$26,000 for a married couple). Except in the situations described in the following paragraph, if the Account Owner were to die while assets remain in a 529 Plan account, the value of the account would not be included in the Account Owner’s estate. In cases where contributions to a 529 Plan account exceed the applicable annual exclusion amount for a single Beneficiary, the contributions may be subject to federal gift tax and possibly the generation-skipping transfer tax in the year of contribution. However, in these cases, a contributor may elect to apply the contribution against the annual exclusion equally over a five-year period. This option is applicable only for contributions up to five times the available annual exclusion amount in the year of the contribution. For example, for 2011, the maximum contribution that may be made using this rule would be \$65,000 (or \$130,000). Once this election is made, if the contributor makes any additional gifts to the same Beneficiary in the same or the next four years, such gifts may be subject to gift or generation-skipping transfer taxes in the calendar year of the gift. However, any excess gifts may be applied against the contributor’s lifetime gift tax exclusion. If the Account Owner chooses to use the five-year forward election and dies before the end of the five-year period, the portion of the contribution allocable to the years remaining in the five-year period (beginning with the year after the Account Owner’s death) would be included in the Account Owner’s estate for federal estate tax purposes.

If the Beneficiary of a 529 Plan account is changed or amounts in an account are rolled over to a new Beneficiary of the same generation as the former Beneficiary (or an older generation), a gift or generation-skipping transfer tax will not apply. If the new Beneficiary is of a younger generation than the former Beneficiary, there will be a taxable gift to the extent of the amount transferred. Generation-skipping transfer taxes may apply if the new Beneficiary is two or more generations below that of the former Beneficiary. The five-year rule explained above may be applicable here. In certain circumstances, the gross estate of a Beneficiary may include the value of the 529 Plan account.

Estate, gift, and generation-skipping tax issues arising in conjunction with 529 Plans can be quite complicated. You

should consult your tax advisor if you have any questions about these issues.

State Taxes

Prospective Account Owners should consider many factors before deciding to invest in a 529 Plan such as The Vanguard Plan, including the Plan's investment options and its performance history, the Plan's flexibility and features, the reputation and expertise of the Plan's investment manager(s), the Plan's contribution limits, the Plan's fees and expenses, and federal and state tax benefits associated with an investment in the Plan.

Nevada does not impose an income tax on individuals. Thus, there are no Nevada income tax consequences to either contributors to or recipients of money withdrawn from The Vanguard Plan. It is possible, however, that a contributor to The Vanguard Plan may be entitled to a deduction in computing the income tax imposed by a state where he or she lives or pays taxes. Likewise, it is possible that a recipient of money withdrawn from The Vanguard Plan may be subject to income tax on those withdrawals by the state where he or she lives or pays taxes. It is also possible that amounts rolled over into The Vanguard Plan from another state's 529 Plan may be subject to a state tax imposed on the rollover amount. You should consult with your tax advisor regarding the state tax consequences of participating in The Vanguard Plan.

Part 9. Legal and Administrative Information About The Vanguard Plan

Continuing Disclosure

Certain financial information and operating data (the "Annual Information") relating to the Trust will be filed by or on behalf of the Trust in electronic form with the Electronic Municipal Market Access system (the "EMMA System") maintained by the Municipal Securities Rulemaking Board (the "MSRB"), as the sole repository for the central filing of electronic disclosure, pursuant to Rule 15c2-12 as promulgated by the SEC under the Securities Exchange Act of 1934. Notices of certain enumerated events will be filed by or on behalf of the Trust with the MSRB. The financial statements for 2010 have been audited by PricewaterhouseCoopers. The Annual Information is hereby incorporated by reference herein.

Creditor Protection Under U.S. and Nevada Laws

Federal bankruptcy legislation excludes from property of the debtor's bankruptcy estate certain assets that have been contributed to a 529 Plan account. However, bankruptcy protection in this respect is limited and has certain conditions. For the 529 Plan account to be excluded from the debtor's estate, the account beneficiary must be a child, stepchild, grandchild, or stepgrandchild (including a legally adopted child or a foster child) of the individual who files for bankruptcy protection. In addition, contributions made to all 529 Plan accounts for the same beneficiary are protected from becoming property of the debtor's estate as follows: (1) There is no

exclusion for assets up to \$5,000 if they have been contributed less than 365 days before the bankruptcy filing, (2) 529 Plan account assets are excluded in an amount up to \$5,000 if they have been contributed between 365 and 720 days before the bankruptcy filing, and (3) 529 Plan accounts are fully excluded if they have been contributed more than 720 days before the bankruptcy filing.

Federal bankruptcy law permits a debtor to exempt certain specified assets from liability notwithstanding the assets being property of the debtor's estate. If the debtor is domiciled in Nevada (as defined under bankruptcy law), Nevada law provides that up to \$500,000 of assets held in a 529 Plan account may be protected from creditors, depending upon when such assets were contributed to the account and whether they are eventually used to pay qualifying higher-education expenses of the account Beneficiary. However, under federal bankruptcy law, assets held in a 529 Plan account that are property of the debtor's estate are not exempt from debt for domestic support obligations.

This information is not meant to constitute individual tax or bankruptcy advice, and you should consult with your own advisors concerning your individual circumstances.

Independent Registered Public Accounting Firm. The Vanguard Plan has contracted with PricewaterhouseCoopers, an independent registered public accounting firm that is an expert in accounting and auditing. The Vanguard Plan's financial statements for the most recent fiscal year-end have been audited by PricewaterhouseCoopers and are available by calling 866-734-4530 or by going to vanguard.com.

Custodial Arrangements. The Bank of New York Mellon Corporation is The Vanguard Plan's custodian. As such, The Bank of New York Mellon Corporation is responsible for maintaining the Plan's assets and collects all income payable to, and all distributions made with respect to, The Vanguard Plan's share of investment companies, if applicable.

Special Considerations

The Board reserves the right to:

- Refuse, change, discontinue, or temporarily suspend account services, including accepting contributions and processing withdrawal requests, for any reason.
- Delay sending out the proceeds of a withdrawal request for up to seven days (this generally applies only to very large withdrawal requests made without advance notice or during unusual market conditions).
- Refuse, following receipt of any contributions, withdrawal requests for up to 15 days.
- Suspend the processing of withdrawal requests or postpone sending out the proceeds of a withdrawal request when the NYSE is closed for any reason other than its usual weekend or holiday closings, when trading is restricted by the SEC, when a mailing address has changed and the proceeds are

requested to be sent by check to either the Account Owner or the Beneficiary, or under any emergency circumstances.

Conflicts

In the event of any conflicts, the Nevada statutes and the IRS Code shall prevail over this Program Description.

Account Restrictions

In addition to rights expressly stated elsewhere in this Program Description, the Plan reserves the right to (1) freeze an account and/or suspend account services when the Plan has received reasonable notice of a dispute regarding the assets in an account, including notice of a dispute in account ownership or when the Plan reasonably believes a fraudulent transaction may occur or has occurred; (2) freeze an account and/or suspend account services upon the notification to the Plan of the death of an Account Owner until the Plan receives required documentation in good order; and (3) redeem an account, without the Account Owner's permission, in cases of threatening conduct or suspicious, fraudulent or illegal activity. The risk of market loss, tax implications, penalties, and any other expenses, as a result of such an account freeze or redemption will be solely the Account Owner's responsibility.

Part 10. Arbitration

This Part 10 is a predispute arbitration clause. Any controversy or claim arising out of or relating to this Plan or the Enrollment Application, or the breach, termination, or validity of this Plan or the Enrollment Application, shall be settled by arbitration administered by the American Arbitration Association (the "AAA") in accordance with its Commercial Arbitration Rules (except that if Vanguard or Upromise is a party to the arbitration, it may elect that arbitration will instead be subject to the Code of Arbitration Procedure of the Financial Industry Regulatory Authority), which are made part of this Agreement, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

By the Account Owner signing an Enrollment Application and upon acceptance of the Account Owner's initial contribution by the Plan, the Account Owner and the other parties to this Plan agree as follows:

- **All parties to this Plan are giving up important rights under state law, including the right to sue each other in court and the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed;**
- **Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited;**
- **The ability of the parties to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings;**

- **The potential costs of arbitration may be more or less than the cost of litigation;**
- **The arbitrators do not have to explain the reason(s) for their award;**
- **The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry;**
- **The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is eligible for arbitration may be brought in court;**
- **The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Participant Agreement; and**
- **No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action, who is a member of a putative class who has opted out of the class with respect to any claims encompassed by the putative class action until: (i) the class certification is denied, (ii) the class is decertified, or (iii) the customer is excluded from the class by the court. Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this agreement except to the extent set forth in this Section.**

The Vanguard Plan Privacy Policies

Vanguard Privacy Policy

The following privacy policy is provided by the Vanguard funds, The Vanguard Group, Inc., Vanguard Marketing Corporation, Vanguard Advisers, Inc., Vanguard Fiduciary Trust Company, and Vanguard National Trust Company.

Our Commitment to You

As a Vanguard investor, you have entrusted to our care not only your hard-earned money but your personal and financial data as well. We recognize that your relationship with us is based on trust and that you expect us to act responsibly and in your best interests. Because your personal and financial data are your private information, we hold ourselves to the highest standards in their safekeeping and use.

This means, most importantly, that we do not sell client or prospective client information—whether it is your personal information or the fact that you are or may become a Vanguard client—to anyone.

Instead, we use your information primarily to complete transactions that you request or to make you aware of other financial products and services that we offer or sponsor.

The Information We Collect About You

You provide personal information when you complete a Vanguard account application. (If you enter information in an online application, we may store the information even if you don't complete or submit the application.) You also provide personal information when you request literature or a transaction that involves Vanguard or one of the Vanguard-affiliated companies.

In addition to personal information you provide to us, we may receive information about you that you authorize third parties to provide to us. We also may obtain personal information from third parties in order to verify your identity, to prevent fraud, or to help us identify products and services that may benefit you.

Personal information collected from any source may include, among other things, your name and address, Social Security or taxpayer identification number, date of birth, assets, income, account balances, investment activity, and accounts at other institutions.

How We Handle Your Personal Information

We do not sell information about current or former clients or their accounts to third parties. Nor do we share information about clients or prospective clients, except when needed to complete transactions at your request or to make you aware of related financial products and services that we offer. Here are the details:

- In order to complete certain transactions or account changes that you direct, it may be necessary to provide identifying information to companies, individuals, or groups that are not affiliated with Vanguard. For example, if you ask to transfer assets from another financial institution to Vanguard, we will need to provide certain information about you to that company to complete the transaction.
- In order to alert you to other financial products and services that Vanguard offers or sponsors, we may share your information within the Vanguard family of affiliated companies. This would include, for example, sharing your information within Vanguard to make you aware of new Vanguard funds or other investment offerings, or the brokerage services offered through Vanguard's brokerage companies, or the asset management and trust services offered through Vanguard's trust companies and registered investment advisors inside Vanguard.
- In certain instances, we may contract with nonaffiliated companies to perform services for us. Where necessary, we will disclose information we have about you to these third parties. In all such cases, we provide the third party with only the information necessary to carry out its assigned responsibilities, and only for that purpose. And we require these third parties to treat your private information with the same high degree of confidentiality that we do.
- Finally, we will release information about you if you direct us to do so, if we are compelled by law to do so, or in other legally limited circumstances (for example, to prevent fraud).

How We Protect Privacy Online

Our concern for the privacy of our shareholders naturally extends to those who use our website, vanguard.com.

- Our website uses some of the most secure forms of online communication available, including data encryption, Secure Sockets Layer (SSL) protocol, and user names and passwords. These technologies provide a high level of security and privacy when you access your account information, initiate online transactions, or send secure messages.
- Vanguard.com offers customized features that require our use of "HTTP cookies" and similar data files—tiny pieces of information that we ask your browser to store. However, we make very limited use of these data files. We don't use them to pull data from your hard drive, to learn your e-mail address, or to view data in cookies or other similar data files created by other websites. We will not share the information in these data files or give others access to it—except to help us better serve your investment needs.
- When you visit our website, we may collect certain technical and navigational information, such as computer browser type, internet protocol address, pages visited, and average time spent on our website. This information may be used, for example, to alert you to software compatibility issues or to resolve technical or service problems; or it may be analyzed to improve our web design and functionality and our ability to serve you and your accounts.

You can visit our website to read more details about our online security and privacy features.

How We Safeguard Your Personal Information

Within Vanguard, we restrict access to information about you to those Vanguard employees who need to know the information in order to perform their jobs, such as servicing your accounts or notifying you of new products and services. To protect your personal information, we maintain physical, electronic, and procedural safeguards in keeping with industry standards and practices, and we review and adjust these safeguards regularly in response to advances in technology.

What You Can Do

For your protection, we strongly recommend that you do not provide your account information, user name, or password to anyone. If you become aware of any suspicious activity relating to your account, it is your responsibility to contact us immediately.

We'll Keep You Informed

As required by federal law, we will notify you of our privacy policy annually. We reserve the right to modify this policy at any time, but rest assured that if we do change it, we will tell you promptly.

Upromise Privacy Policy

Under the terms of the contract between Upromise and Vanguard, Upromise is required to treat all participant

information confidentially. Upromise is prohibited from using or disclosing such information, except as may be necessary to perform its obligations under the terms of its contract with Vanguard, or if required by applicable law, by court order, or other order.

The Board of Trustees of the College Savings Plans of Nevada Privacy Policy

The Board of Trustees (the "Board") of the College Savings Plans of Nevada (the "Program") considers the privacy and security of your personal information to be a top priority. The Board will adhere to the following policy for the benefit of current and past Account Owners and Beneficiaries.

In administering the Program, the Board may collect the following types of personal information about you:

- *Information received from you on your application, communications, and other forms, such as your name, address, and Social Security number.*
- *Information the Board may acquire as a result of administering your account, such as transaction information and account balances.*
- *Information from third parties, such as credit agencies.*

The Board restricts access to this personal information to its employees, Upromise, Vanguard, and other agents who need to know the information to provide you with the products and services you have requested. The Board may make additional disclosure of such information as permitted or required by law. The Board maintains appropriate physical, electronic, and procedural safeguards to protect personal information about you. You should also carefully review Vanguard's Privacy Policy.



The Vanguard 529 College Savings Plan is a Nevada Trust administered by the Board of Trustees of the College Savings Plans of Nevada, which is chaired by Nevada State Treasurer Kate Marshall. Program management services are provided by Upromise Investments, Inc. The Plan's portfolios, although they invest in Vanguard mutual funds and a separate account, are not mutual funds.

Investment returns are not guaranteed, and you could lose money by investing in the Plan. Account owners assume all investment risks, including the potential for loss of principal, as well as responsibility for any federal and state tax consequences.

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Vanguard®

The Vanguard 529 College Savings Plan

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