

**VANGUARD® VARIABLE INSURANCE FUND
TOTAL STOCK MARKET INDEX PORTFOLIO**

November 15, 2002

PROSPECTUS

*This is the Portfolio's
initial prospectus
so it contains no
performance data.*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The Vanguard Group®

Vanguard Variable Insurance Fund Total Stock Market Index Portfolio

Prospectus

November 15, 2002

Contents

1 Portfolio Profile	7 Taxes
3 More on the Portfolio	7 Share Price
6 The Portfolio and Vanguard	8 General Information
6 Investment Adviser	Glossary <i>(inside back cover)</i>

Why Reading This Prospectus Is Important

This prospectus explains the investment objective, policies, strategies, and risks associated with the Portfolio. To highlight terms and concepts important to mutual fund investors, we have provided "Plain Talk[®]" explanations along the way. Reading the prospectus will help you decide whether the Portfolio is the right investment for you. We suggest that you keep this prospectus for future reference.

A Note About Vanguard Variable Insurance Fund

The Total Stock Market Index Portfolio of Vanguard Variable Insurance Fund is a mutual fund used solely as an investment option for variable annuity or variable life insurance contracts offered by insurance companies. This means that you cannot purchase shares of the Portfolio directly, but only through such a contract as offered by an insurance company.

The Total Stock Market Index Portfolio is entirely separate from other Vanguard mutual funds, even when the Portfolio and a fund have the same investment objective and adviser. The Portfolio's investment performance will differ from the performance of other Vanguard funds because of differences in the securities held and because of administrative and insurance costs associated with separate accounts in variable annuity and variable insurance plans.

Portfolio Profile

INVESTMENT OBJECTIVE

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

PRIMARY INVESTMENT STRATEGIES

The Portfolio employs a “passive management”—or indexing—investment approach. The Portfolio seeks to track the performance of the Wilshire 5000 Total Market Index by investing primarily in three Vanguard funds—Vanguard® Total Stock Market Index Fund, Vanguard Variable Insurance Fund—Equity Index Portfolio, and Vanguard® Extended Market Index Fund. The Wilshire 5000 Total Market Index consists of all the U.S. common stocks regularly traded on the New York and American Stock Exchanges and the NASDAQ over-the-counter market.

PRIMARY RISK

An investment in the Portfolio could lose money over short or even long periods. You should expect the Portfolio’s share price and total return to fluctuate within a wide range, like the fluctuations of the overall stock market.

Keep in mind that an index fund has operating expenses; a market index does not. Therefore, an index fund—while expected to track its target index as closely as possible—will not be able to match the performance of the index *exactly*.

PERFORMANCE/RISK INFORMATION

The Portfolio began operations on November 15, 2002, so performance information (including annual total returns and average annual total returns) for a full calendar year is not yet available.

A NOTE ON FEES

As an investor in the Portfolio, you would incur various operating costs, including management, advisory, and distribution expenses. Detailed information about the costs of operating the Portfolio appears below. You also would incur fees associated with the variable annuity or variable insurance plan through which you invest. Detailed information about the annuity or insurance plan fees is presented in the “Fee Table” section of the accompanying prospectus for the variable annuity or variable insurance plan through which Portfolio shares are offered.

FEES AND EXPENSES

The following table describes the fees and expenses you may pay if you buy and hold shares of the Portfolio. The expenses shown under *Annual Fund Operating Expenses* are based on estimated amounts for the current fiscal year.

SHAREHOLDER FEES *(fees paid directly from your investment)*

Sales Charge (Load) Imposed on Purchases:	None
Purchase Fee:	None
Sales Charge (Load) Imposed on Reinvested Dividends:	None
Redemption Fee:	None

ANNUAL FUND OPERATING EXPENSES *(expenses deducted from the Fund's assets)*

Total Annual Fund Operating Expenses:	None*
---------------------------------------	-------

*Although the Portfolio is not expected to incur any net expenses directly, the Portfolio's shareholders indirectly bear the expenses of the underlying Vanguard funds in which the Portfolio invests. The Portfolio's indirect expense ratio, based on its underlying funds, is estimated at **0.20%** for the current fiscal year.

The following example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds. It illustrates the hypothetical expenses that you would incur over various periods if you invest \$10,000 in the Portfolio's shares. This example assumes that the Portfolio provides a return of 5% a year and that operating expenses of the Portfolio and its underlying funds match our estimates. The results apply whether or not you redeem your investment at the end of the given period.


1 Year	3 Years
\$20	\$64

This example should not be considered to represent actual expenses or performance for the future. Actual future expenses may be higher or lower than those shown.

**PLAIN TALK ABOUT
Costs of Investing**

Costs are an important consideration in choosing a mutual fund. That's because you, as a contractholder, pay the costs of operating a portfolio, plus any transaction costs incurred when the portfolio buys or sells securities. These costs can erode a substantial portion of the gross income or capital appreciation a portfolio achieves. Even seemingly small differences in expenses can, over time, have a dramatic effect on a portfolio's performance.


More on the Portfolio

This prospectus describes the primary risks you would face as an investor in this Portfolio. It is important to keep in mind one of the main axioms of investing: The higher the risk of losing money, the higher the potential reward. The reverse, also, is generally true: The lower the risk, the lower the potential reward. As you consider an investment in any mutual fund, you should take into account your personal tolerance for daily fluctuations in the financial markets. Look for this  symbol throughout the prospectus. It is used to mark detailed information about the more significant risks that you would confront as a Portfolio shareholder.

The following sections explain the primary investment strategies and policies that the Portfolio uses in pursuit of its objective. The Portfolio's board of trustees, which oversees the Portfolio's management, may change investment strategies or policies in the interest of shareholders without a shareholder vote, unless those strategies or policies are designated as fundamental.

MARKET EXPOSURE

The Portfolio is an index fund that invests in shares of other mutual funds. Index funds are "passively" managed, meaning that their investment advisers try to match, as closely as possible, the performance of an established targeted index. Index funds do this by holding either all—or a representative sample—of the securities in the target index, or by investing in other index portfolios that seek to track subsets of a target index. So, instead of trying to outperform the market as a whole, index funds simply mirror what their target indexes do, for better or worse.

 **The Portfolio is subject to stock market risk, which is the chance that stock prices overall will decline over short or even long periods. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.**

To illustrate the volatility of stock prices, the following table shows the best, worst, and average total returns for the U.S. stock market over various periods as measured by the Standard & Poor's 500 Index, a widely used barometer of market activity. (Total returns consist of dividend income plus change in market price.) Although this example is based on the U.S. stock market, international stock prices and total returns fluctuate significantly, too. Note that the returns shown in the table do not include the costs of buying and selling stocks or other expenses that a real-world investment portfolio would incur. Note, also, that the gap between best and worst tends to narrow over the long term.

U.S. Stock Market Returns (1926–2001)				
	1 Year	5 Years	10 Years	20 Years
Best	54.2%	28.6%	19.9%	17.8%
Worst	-43.1	-12.4	-0.8	3.1
Average	12.6	11.1	11.2	11.4

The table covers all of the 1-, 5-, 10-, and 20-year periods from 1926 through 2001. You can see, for example, that while the average return on common stocks for *all* of the 5-year periods was 11.1%, average returns for *individual* 5-year periods ranged from –12.4% (from 1928 through 1932) to 28.6% (from 1995 through 1999). These average returns reflect *past* performance on common stocks; you should not regard them as an indication of *future* returns from either the stock market as a whole or this Portfolio in particular.

SECURITY SELECTION

The Portfolio seeks to match the performance of a benchmark index that measures the investment return of the overall stock market. The Portfolio seeks to track the performance of the Wilshire 5000 Total Market Index by investing all or substantially all of its assets in three Vanguard funds—Vanguard Total Stock Market Index Fund, which tracks the Wilshire 5000 Index, Vanguard Variable Insurance Fund–Equity Index Portfolio, which tracks the S&P 500 Index, and Vanguard Extended Market Index Fund, which tracks the Wilshire 4500 Completion Index. The Wilshire 5000 Index consists of all the U.S. common stocks regularly traded on the New York and American Stock Exchanges and the NASDAQ over-the-counter market. The S&P 500 Index is dominated by stocks of large U.S. companies and the Wilshire 4500 Index contains all stocks in the Wilshire 5000 Index, except those stocks included in the S&P 500 Index. The Portfolio allocates approximately 45% of its net assets to Vanguard Total Stock Market Index Fund, 40% of its net assets to Vanguard Variable Insurance Fund–Equity Index Portfolio, and 15% to Vanguard Extended Market Index Fund.

OTHER INVESTMENT POLICIES AND RISKS

The three underlying funds in which the Portfolio invests will hold foreign securities only to the extent that they are represented in their target benchmark indexes. To the extent that the underlying funds hold foreign securities, the Portfolio is subject to (1) *country risk*, which is the chance that domestic events—such as political upheavals, financial troubles, or natural disasters—will weaken a country’s securities markets; and (2) *currency risk*, which is the chance that investments in a particular country will decrease in value if the U.S. dollar rises in value against that country’s currency.

The Portfolio may also invest, to a limited extent, in futures and options contracts, which are traditional types of derivatives. Losses (or gains) involving futures can sometimes be substantial—in part because a relatively small price movement in a futures contract may result in an immediate and substantial loss (or gain) for a portfolio. The Portfolio will not use futures for speculative purposes or as leveraged investments that magnify gains or losses. The Portfolio uses futures only for the purpose of matching its target index. The Portfolio’s obligation under futures contracts will not exceed 20% of its total assets.

The reasons for which the Portfolio will invest in futures and options are:

- To keep cash on hand to meet shareholder redemptions or other needs while simulating full investment in stocks and bonds.
- To reduce the Portfolio’s transaction costs or add value when these instruments are favorably priced.

PLAIN TALK ABOUT Derivatives

A derivative is a financial contract whose value is based on (or “derived” from) a traditional security (such as a stock or a bond), an asset (such as a commodity like gold), or a market index (such as the S&P 500 Index). Some forms of derivatives, such as exchange-traded futures and options on securities, commodities, or indexes, have been trading on regulated exchanges for more than two decades. These types of derivatives are standardized contracts that can easily be bought and sold, and whose market values are determined and published daily. Nonstandardized derivatives (such as swap agreements), on the other hand, tend to be more specialized or complex, and may be harder to value. If used for speculation or as leveraged investments, derivatives can carry considerable risks.

INDEXING METHODS

In seeking to track a particular index, a portfolio with an objective to match the performance of a particular index generally uses one of two methods to select the securities in which it invests.

Replication method. Many stock portfolios—but not bond portfolios—use the replication method of indexing. This means that a portfolio holds each security found in its target index in about the same proportion as represented in the index itself. For example, if 5% of the S&P 500 Index were made up of the stock of a specific company, a portfolio tracking that index would invest about 5% of *its* assets in that company. For bond portfolios, replication is an inefficient and costly method of indexing, since there is no liquid market for many of the corporate and agency bonds typically found in a broad bond index.

Sampling method. Because it would be very expensive and inefficient to buy and sell all securities held in certain indexes (the Wilshire 5000 Index, for example, included more than 5,800 separate stocks as of June 30, 2002), many portfolios tracking these larger indexes use a “sampling” technique. Using sophisticated computer programs, a portfolio selects from the target index a representative sample of securities that will resemble the target index in terms of key risk factors and other characteristics. For stock portfolios, these include industry weightings, country weightings, market capitalization, and other financial characteristics of stocks.

“Fund of Funds” method. Yet another indexing approach is to invest in *other* index portfolios that seek to track subsets of a target index. *The Total Stock Market Index Portfolio* uses this “fund of funds” approach, which can be very cost-effective and efficient.

PLAIN TALK ABOUT “Fund of Funds”

The term “fund of funds” is used to describe a mutual fund that pursues its objective by investing in other mutual funds, rather than in individual stocks or bonds. A fund of funds may charge for its own direct expenses, in addition to bearing a proportionate share of the expenses charged by the underlying funds in which it invests. A fund of funds is best suited for long-term investors.

TURNOVER RATE

A mutual fund's turnover rate is a measure of its trading activity. (A turnover rate of 100% would occur, for example, if the Portfolio sold and replaced securities valued at 100% of its net assets within a one-year period.) The Portfolio may sell securities regardless of how long they have been held.

The Portfolio and Vanguard

The Portfolio is a member of The Vanguard Group, a family of 35 investment companies with more than 100 distinct investment portfolios holding assets in excess of \$540 billion. All of the Vanguard funds share in the expenses associated with business operations, such as personnel, office space, equipment, and advertising.

Vanguard also provides marketing services to the funds. Although shareholders do not pay sales commissions or 12b-1 distribution fees, each fund pays its allocated share of The Vanguard Group's marketing costs.

The Portfolio indirectly bears a proportionate share of the expenses of the underlying funds in which it invests. However, its direct expenses are expected to be very low or zero. The Portfolio may operate without incurring direct expenses because Vanguard will reimburse it for (i) the Portfolio's contribution to the cost of operating the underlying funds in which it invests, and (ii) savings in administrative and marketing costs that Vanguard expects to derive from the Portfolio's operations.

PLAIN TALK ABOUT Vanguard's Unique Corporate Structure

The Vanguard Group is truly a *mutual* mutual fund company. It is owned jointly by the funds it oversees and thus indirectly by the shareholders in those funds. Most other mutual funds are operated by for-profit management companies that may be owned by one person, by a group of individuals, or by investors who own the management company's stock. By contrast, Vanguard provides its services on an "at-cost" basis, and the funds' expense ratios reflect only these costs. No separate management company reaps profits or absorbs losses from operating the funds.

Investment Adviser

The Total Stock Market Index Portfolio receives advisory services indirectly, by investing in other Vanguard funds and portfolios. The Vanguard Group (Vanguard), P.O. Box 2600, Valley Forge, PA 19482, provides investment advisory services on an at-cost basis to these underlying funds and portfolios. As of June 30, 2002, Vanguard managed more than \$406 billion in total assets. The individual responsible for overseeing the investments in the underlying funds and portfolios is:

- **George U. Sauter**, Managing Director of Vanguard and head of Vanguard's Quantitative Equity Group. He has worked in investment management since 1985 and has had primary responsibility for Vanguard's stock indexing and active quantitative investments and strategy since joining the company in 1987. Education: A.B., Dartmouth College; M.B.A., University of Chicago.

Taxes

The tax consequences of your investment in the Portfolio depend on the provisions of the variable annuity or variable life insurance plan through which you invest. For more information on taxes, please refer to the accompanying prospectus of the insurance company's separate account that offers your annuity or life insurance contract.

Share Price

The Portfolio's share price, called its *net asset value*, or NAV, is calculated each business day after the close of regular trading on the New York Stock Exchange, generally 4 p.m., Eastern time. Net asset value per share is computed by dividing the net assets of the Portfolio by the number of Portfolio shares outstanding. On holidays or other days when the Exchange is closed, the NAV is not calculated, and the Portfolio does not transact purchase or redemption requests.

Stocks held by a Vanguard portfolio are valued at their *market value* when reliable market quotations are readily available. Certain short-term debt instruments used to manage a portfolio's cash are valued on the basis of amortized cost. The values of any foreign securities held by a portfolio are converted into U.S. dollars using an exchange rate obtained from an independent third party.

When reliable market quotations are not readily available, securities are priced at their *fair value*, calculated according to procedures adopted by the board of trustees. A portfolio also may use fair-value pricing if the value of a security it holds is materially affected by events occurring after the close of the primary markets or exchanges on which the security is traded. This most commonly occurs with foreign securities, but may occur in other cases as well. When fair-value pricing is employed, the prices of securities used by a portfolio to calculate its net asset value may differ from quoted or published prices for the same securities.

The Portfolio's NAV is used to determine the unit value for the separate account that invests in the Portfolio. For more information on unit values, please refer to the accompanying prospectus of the insurance company's separate account that offers your annuity or life insurance contract.

General Information

The Portfolio offers its shares to insurance company separate accounts that fund both annuity and life insurance contracts. Because of differences in tax treatment or other considerations, the interest of various contract owners participating in the Portfolio might at some time be in conflict. The Portfolio's board of trustees will monitor for any material conflicts and determine what action, if any, should be taken.

If the board of trustees determines that continued offering of shares would be detrimental to the best interests of the Portfolio's shareholders, the Portfolio may suspend the offering of shares for a period of time. If the board of trustees determines that a specific purchase acceptance would be detrimental to the best interests of the Portfolio's shareholders, the Portfolio may reject such a purchase request.

If you wish to redeem money from the Portfolio, please refer to the instructions provided in the prospectus for the insurance company's separate account. Shares of the Portfolio may be redeemed on any business day. The redemption price of shares will be at the next-determined net asset value per share. Redemption proceeds will be wired to the administrator for distribution to the contract owner generally on the day following receipt of the redemption request, but no later than seven business days. Contract owners will receive a check from the administrator for the redemption amount.

The Portfolio may suspend the redemption right or postpone payment at times when the New York Stock Exchange is closed or under any emergency circumstances as determined by the U.S. Securities and Exchange Commission.

The exchange privilege (your ability to redeem shares from one Portfolio to purchase shares of another Portfolio) may be available to you through your contract. Although we make every effort to maintain the exchange privilege, Vanguard reserves the right to revise or terminate this privilege, limit the amount of an exchange, or reject any exchange, at any time, without notice.

If the board of trustees determines that it would be detrimental to the best interests of the Portfolio's remaining shareholders to make payment in cash, the Portfolio may pay redemption proceeds in whole or in part by a distribution in kind of readily marketable securities.

The Vanguard Group, Vanguard, Plain Talk, and the ship logo are trademarks of The Vanguard Group, Inc. Standard & Poor's®, S&P 500®, and Standard & Poor's 500 are trademarks of The McGraw-Hill Companies, Inc., and have been licensed for use by Vanguard Variable Insurance Fund and The Vanguard Group. Vanguard mutual funds are not sponsored, endorsed, sold, or promoted by Standard & Poor's, and Standard & Poor's makes no representation regarding the advisability of investing in the funds. All other marks are the exclusive property of their respective owners.

Glossary of Investment Terms

Capital Gains Distribution

Payment to mutual fund shareholders of gains realized on securities that a portfolio has sold at a profit, minus any realized losses.

Cash Investments

Cash deposits, short-term bank deposits, and money market instruments which include U.S. Treasury bills, bank certificates of deposit (CDs), repurchase agreements, commercial paper, and banker's acceptances.

Common Stock

A security representing ownership rights in a corporation. A stockholder is entitled to share in the company's profits, some of which may be paid out as dividends.

Country Risk

The chance that domestic events—such as political upheaval, financial troubles, or natural disasters—will weaken a country's securities markets.

Currency Risk

The chance that a foreign investment will decrease in value because of unfavorable changes in currency exchange rates.

Dividend Income

Payment to shareholders of income from interest or dividends generated by a portfolio's investments.

Expense Ratio

The percentage of a portfolio's average net assets used to pay its expenses during a fiscal year. The expense ratio includes management fees, administrative fees, and any 12b-1 distribution fees.

Fund Diversification

Holding a variety of securities so that a portfolio's return is not hurt badly by the poor performance of a single security, industry, or country.

Price/Earnings (P/E) Ratio

The current share price of a stock, divided by its per-share earnings (profits). A stock selling for \$20, with earnings of \$2 per share, has a price/earnings ratio of 10.

Principal

The amount of money you put into an investment.

Total Return

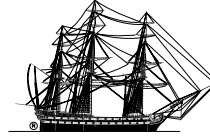
A percentage change, over a specified time period, in a mutual fund's net asset value, assuming the reinvestment of all distributions of dividends and capital gains.

Volatility

The fluctuations in value of a mutual fund or other security. The greater a fund's volatility, the wider the fluctuations in its returns.

Yield

Income (interest or dividends) earned by an investment, expressed as a percentage of the investment's price.



THE **Vanguard** GROUP®

Post Office Box 2600
Valley Forge, PA 19482-2600

For More Information

If you'd like more information about Vanguard Variable Insurance Fund Total Stock Market Index Portfolio, the following documents are available free upon request:

Annual/Semiannual Reports to Shareholders

Additional information about the Portfolio's investments will be available in Vanguard Variable Insurance Fund Balanced and Stock Portfolios' annual and semiannual reports to shareholders.

Statement of Additional Information (SAI)

The SAI provides more detailed information about the Portfolio.

The current annual and semiannual reports and the SAI are incorporated by reference into (and are thus legally a part of) this prospectus.

To receive a free copy of the latest annual or semiannual report or the SAI, or to request additional information about the Portfolio or other Vanguard funds, please contact us as follows:

**Vanguard Variable Insurance Fund
P.O. Box 2600
Valley Forge, PA 19482-2600**

**Telephone:
1-866-734-4525**

**World Wide Web:
www.vanguard.com**

Information provided by the Securities and Exchange Commission (SEC)

You can review and copy information about the Fund (including the SAI) at the SEC's Public Reference Room in Washington, DC. To find out more about this public service, call the SEC at 1-202-942-8090. Reports and other information about the Fund are also available on the SEC's Internet site at <http://www.sec.gov>, or you can receive copies of this information, for a fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the Public Reference Section, Securities and Exchange Commission, Washington, DC 20549-0102.

Fund's Investment Company Act file number: 811-5962

© 2002 The Vanguard Group, Inc.
All rights reserved.
Vanguard Marketing Corporation,
Distributor.

P287SA 112002