September 2017

Dear [Sponsor Name],

Recently we shared our plans to partner with Newport Group, one of the country’s leading retirement plan service providers, to enhance our 403(b) retirement services. It’s a change that will bring your participants a more comprehensive retirement program and provide you with services and support that can make your job easier.

We’re pleased to report that progress toward completing this program—Vanguard 403(b) Services—is on schedule, and we expect it to be up and running by November 13, 2017. For right now, there are a few items we need to let you know about.

First, some great news about investment choices

• Vanguard Admiral™ Shares will be offered as an even lower-cost investment choice.

  What are Admiral Shares? They’re a separate share class of our mutual funds with expense ratios that are, on average, 41% lower than our standard Investor Share class and 83% lower than the industry average.* Over time, the savings from Admiral Shares can really add up: Participants will not only save on costs, they’ll also benefit from an increase in the power of compounding. Admiral Shares will be offered by many of the funds in the Vanguard 403(b) Services investment lineup.

  Want more good news? The minimum investment amount normally required to invest in Admiral Shares ($10,000, $50,000, or $100,000, depending on the fund) will be waived for Vanguard 403(b) participants. And there won’t be a minimum balance requirement either.

Please note: If a participant account already holds Investor Shares of a fund that offers Admiral Shares, we’ll automatically convert the Investor Shares to Admiral Shares starting on October 4, 2017, and continuing through the month. Participants will receive a confirmation after the Admiral Shares conversion is complete.

(over)

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

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Vanguard Marketing Corporation, Distributor of the Vanguard Funds.
Coming soon: Added service and flexibility for your 403(b) plan

Dear Carruth Compliance Consulting,

For more than 35 years, Vanguard has offered 403(b) account services to investors like you who participate in an employer-sponsored 403(b) retirement plan, and we remain as committed as ever to helping you reach your savings goals. Now we’re about to strengthen that commitment.

Here’s what’s happening

We’re expanding our 403(b) account retirement services by partnering with Newport Group, a nationally recognized retirement plan services provider. Combining our investment expertise and low-cost funds with the recordkeeping capabilities of Newport Group will allow us to offer a more comprehensive program that can better address your evolving needs. While the enhanced program won’t launch until later this year, we want to make you aware of the plans early on and highlight some of the additional services that will be available.

What this means for you

Our 403(b) program—Vanguard 403(b) Services—will offer a variety of added and expanded features, including:

- Access to the lower-cost Admiral™ share class of our mutual funds.
- Ability to make Roth 403(b) contributions.*
- Loan services.*
- An enhanced participant website through vanguard.com.

What about fees?

The enhanced program will offer transparent pricing as follows:

- You’ll have access to lower-cost Vanguard Admiral Shares.
- Your monthly flat recordkeeping fee will be just $5—a fee that won’t increase as your assets grow, as it might with many small- to mid-sized retirement plans.

*If allowed under the terms of your employer’s plan.

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What will you need to do?

- If you're actively participating in an employer-sponsored plan, you don't have to do anything. Vanguard will automatically transition your account to the enhanced program, giving you full access to the benefits it offers. If allowed under the terms of your employer's plan, you may be eligible to exchange to another approved vendor.*

- If you're no longer working for the employer who sponsors your plan, you may be eligible to roll over your plan assets to an IRA. Visit vanguard.com/ira_rollover to learn more about rollover eligibility. If you want to roll over to a Vanguard IRA®, you can download a form or begin the process online.

We'll keep you up to date

Throughout the coming months, you'll receive more news and updates about Vanguard 403(b) Services and the benefits the program offers. One of the first steps we've taken to facilitate the launch later this year is to update certain agreements and documents applicable to the program. Summaries of the changes being made are listed below.

We're required to inform you of these changes, and we encourage you to review them, but no further action is necessary from you.

Custodial Account Agreement amendments

1. The Vanguard 403(b)(7) Individual Custodial Account Agreement (the "Vanguard Agreement") has added or revised the sections shown in the table below in preparation for the enhanced program. You can read the agreement in its entirety at vanguard.com/caa, or contact us to request a copy.

<table>
<thead>
<tr>
<th>Section</th>
<th>Amendment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction to Agreement</td>
<td>Effective date revision.</td>
</tr>
<tr>
<td>Article 4.1(a): Participant-Directed Investments</td>
<td>Content added to clarify available investments.</td>
</tr>
<tr>
<td>Article 6.3: Information Sharing</td>
<td>Reference to Exhibit A—the Information-Sharing Agreement for 403(b) Contract Exchanges.</td>
</tr>
<tr>
<td>Article 8.2: Amendment to Group Custodial Account (new)</td>
<td>Provision that permits the custodian and employer to amend into a group custodial account.</td>
</tr>
<tr>
<td>Article 8.3: Termination of Agreement</td>
<td>Revision to clarify that the Agreement doesn't terminate if a successor custodian is appointed.</td>
</tr>
<tr>
<td>Article 9.5: Fees and Expenses</td>
<td>Content added to reflect service, recordkeeping, and custodial fees.</td>
</tr>
<tr>
<td>Article 9.11: Assignment (new)</td>
<td>Provision that permits Vanguard Fiduciary Trust Company to assign duties and responsibilities to a parent or an affiliate.</td>
</tr>
<tr>
<td>Article 9.12: Subcontracting (new)</td>
<td>Provision that permits the custodian or its assigns to subcontract to third parties.</td>
</tr>
<tr>
<td>Exhibit A</td>
<td>Information-Sharing Agreement for 403(b) Contract Exchanges.</td>
</tr>
</tbody>
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*Contact your plan administrator to determine your eligibility.
2. **Newport Trust Company to serve as custodian.** At the time of the transition, Vanguard Fiduciary Trust Company will be resigning as custodian of 403(b)(7) custodial accounts and appointing Newport Trust Company as successor custodian. At that time, the Vanguard Agreement will be amended and restated by Newport Trust Company. We’ll provide further details as we get closer to the time of the transition.

From now until the program launch time, it will be business as usual. Your service should have little disruption, and ultimately you can expect a smooth transition to Vanguard 403(b) Services.

If you have any questions, please call us at 844-859-0275 Monday through Friday from 8 a.m. to 8 p.m., Eastern time, or follow the steps below to send us a secure message anytime:

1. Log on to your Vanguard account.
2. From the top menu, choose **Client Support**, and select the **Contact us** tab.
3. Choose **Send a secure message**.
4. Select the **Compose** button, enter all the information requested, type your message, and select **Send**.

As always, thank you for investing with Vanguard.

Sincerely,

Alba E. Martinez
Principal
Retail Investor Group

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There are important factors to consider when rolling over assets to an IRA. These factors include, but are not limited to, investment options in each type of account, fees and expenses, available services, potential withdrawal penalties, protection from creditors and legal judgments, required minimum distributions, and tax consequences of rolling over employer stock to an IRA.

All investing is subject to risk, including the possible loss of the money you invest.
Next, some additional explanation about fees

- Vanguard has adjusted the plan pricing.

  We’ve changed our pricing to more accurately reflect the additional plan services and capabilities we’re offering. Starting in 2018, each participant will pay a flat $5 monthly recordkeeping fee ($60 annually). The $5 fee replaces the $15 annual fee for each mutual fund held in an account.

  This means your participants can hold multiple funds, including lower-cost Admiral Shares, without incurring multiple fees. Previously, they’d pay $60 to hold 4 funds; now they can hold any number of funds and won’t pay more than $60. And there are no charges to buy or sell funds (front- or back-end loads), and no commissions, withdrawal fees, or other investment-related fees commonly collected by other companies.**

A blackout period will occur

- There will be a blackout period as accounts are transitioned to the enhanced program.

  What is a blackout period? It’s a time frame during which participants won’t be able to access their accounts or make transactions, including taking distributions.

  When will it take place? It starts at close of business on Friday, November 3, and extends through the week of November 6, 2017.

A few housekeeping items you should be aware of

- Newport Trust Company will serve as custodian.

  Vanguard will remain as investment provider, but Vanguard Fiduciary Trust Company will resign as custodian of 403(b) custodial accounts. Effective November 4, 2017, Newport Trust Company will become successor custodian, assuming the custodial duties described in the updated 403(b) custodial account agreement. Visit vanguard.com/caa to review the agreement, including a change to voting rights.

- Information-Sharing Agreement for 403(b) Contract Exchanges has been revised.

  Vanguard’s Information-Sharing Agreement for 403(b) Contract Exchanges has been amended to reflect that The Vanguard Group, Inc., and Newport Trust Company are responsible for sharing information with the employer and can engage third parties to facilitate these duties under the Agreement. The Vanguard Group, Inc., has engaged Newport Group to perform information-sharing duties. View the revised Information-Sharing Agreement at vanguard.com/infoagree.

- New Administrative and Recordkeeping Service Description is available for review.

  Vanguard’s Individual 403(b)(7) Program Services Description has been amended and restated as the Administrative and Recordkeeping Service Description ("Service Description"). It details the enhanced services available under Vanguard 403(b) Services. View the Service Description at vanguard.com/rsd.

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**The flat fee covers the costs of recordkeeping, custodial, administrative, and account services provided in the Vanguard 403(b) Services program. Unlike an asset-based fee, a flat fee will not increase as your account assets grow. There is a charge for loans, if your plan offers them, and a charge for certain optional hardship and domestic relations order services, if elected.
No action is required for now

You don’t need to take any action in response to this letter. We simply wanted to keep you up to date on the program’s progress. We’ve also sent a similar letter to your plan participants. Your participants’ accounts are scheduled to automatically transition to the enhanced program in November.

However, in the event you don’t want to transition your plan to the enhanced program, you may have the option to exchange your participants’ accounts to another 403(b) contract or custodial account. An exchange must be completed before the November 4 transition start date. For questions regarding this option, call 844-859-0275.

Where to find more information

For additional information about Newport Group’s transition for plan sponsors, visit vanguard.com/admininfo. And participants can visit vanguard.com/transition to see frequently asked questions about the program. Or call us at 844-859-0275 Monday through Friday from 8 a.m. to 8 p.m., Eastern time.

We’re excited about what’s happening with our 403(b) program. And come November, we think you will be too.

Thank you being a part of the Vanguard investing community.

Sincerely,

Alba E. Martinez
Principal
Retail Investor Group

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