

November 2011

**RE: Annual Notification – Qualified Default Investment Alternative for the Princeton University Retirement Plan and Princeton University Tax Deferred Annuity Plan**

Dear **Princeton University Faculty and Staff member:**

Federal regulations require that plan sponsors provide retirement plan participants with notices regarding your plan features. This annual Qualified Default Investment Alternative (QDIA) notice describes your rights and responsibilities in connection with the default investment alternative provided under each plan listed above. No action is required by you at this time, unless you would like to make changes to your elections in the plan.

**Direct your investments**

You may direct the investment of your contributions to one or more of the plan's available funds, which include a broad range of investment alternatives, intended to allow you to achieve a diversified portfolio. All investing is subject to risk. Diversification does not ensure a profit or protect against a loss in a declining market.

**Your plan's default fund**

Your plan also designates a default fund, where your contributions will be invested if you have not made an alternative investment election. The Plan's default fund is the Vanguard Target Retirement Funds. If you did not make an investment election, you would default into the Target Retirement Fund which is chosen by using the date-specific fund nearest your expected year of retirement. Enclosed is a fund fact sheet, which includes information about your default fund, including the investment objective, fees and expenses, and risk and return characteristics.

**Change your investments**

You can redirect your future contributions and change the way your plan account balance is invested anytime, subject to each fund's trading restrictions and any purchase fees (if applicable). If you make an exchange out of the default fund, you cannot put money back into the same fund online or by phone within 60 days; however, you can always make an exchange via U.S. mail.

For more information about directing the investment of your plan account, please refer to your plan's Summary Plan Description. For help determining an appropriate investment mix based on your investment goals, risk tolerance, and time horizon, complete Vanguard's Investor Questionnaire at [www.vanguard.com/assetmix](http://www.vanguard.com/assetmix), or contact Vanguard using the instructions below.

**Connect with Vanguard®**

*To contact Vanguard to make changes to your current elections or for more information about any fund, including investment objectives, risks, charges, and expenses, or to obtain a prospectus, please refer to the instructions below.*

*The prospectus contains important information about the fund. Read and consider the prospectus information carefully before you invest. You can also download Vanguard fund prospectuses at [www.vanguard.com](http://www.vanguard.com).*

- **Online.** Go to **Vanguard.com** for 24-hour access to financial-planning tools and information. Once you've enrolled, you can register for immediate secure online account access at **[www.vanguard.com/register](http://www.vanguard.com/register)**. You will need your plan number. The plan number for the Princeton University Retirement Plan is 095853 and for the Princeton University Tax Deferred Annuity Plan it is 091572.
- **By phone.** Call Vanguard's 24-hour automated VOIC<sup>E</sup>® Network at **800-523-1188**. To use VOICE, you will need a personal identification number (PIN).
- **With personal assistance.** Vanguard Participant Services associates are available to assist you at **800-523-1188** Monday through Friday from 8:30 a.m. to 9 p.m., Eastern time.



# Vanguard Target Retirement Funds

## Balanced fund (stocks and bonds)

### Investment Objective

Vanguard Target Retirement Funds consist of twelve separate life-cycle funds that offer a simpler way for you to invest for retirement. Each fund is a multifund portfolio designed for a specific retirement time frame—you simply consider choosing the fund that most closely corresponds to the year in which you plan to retire. The fund's asset allocation will automatically adjust—both now and in the future—relying on Vanguard's investment strategies and extensive research. Each of the no-load, low-cost mutual funds invests in a diversified combination of underlying Vanguard funds, primarily index funds, chosen from among five options (See Underlying Funds). Through these underlying funds, you have a well-diversified portfolio that potentially offers exposure to small-, mid-, and large-cap domestic and international stocks, as well as bonds and money market instruments. The asset mix gradually and automatically becomes more conservative, reducing the proportion invested in stocks, as you approach and enter retirement.

These funds seek to provide capital appreciation and current income consistent with their current asset allocations.

### PlainTalk About Risk

Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in the Target Retirement Fund is not guaranteed at any time, including on or after the target date. Diversification does not ensure a profit or protect against a loss in a declining market. An investment in these funds is subject to the price fluctuations inherent in the stock and bond markets, so you could lose money if you sell shares after prices have fallen.

Investments in bond funds are subject to interest rate, credit, and inflation risk. U.S. government backing of Treasury or agency securities applies only to the underlying securities and does not prevent share-price fluctuations. Foreign stock investments involve additional risks, including currency fluctuations and political uncertainty. Stocks of companies in emerging markets are generally more risky than stocks of companies in developed countries. The funds that invest a significant portion of their assets in bonds, which are usually less volatile than stocks, have an overall level of risk that's moderate compared with the funds that have a larger share of stocks. Conversely, funds that invest a significant portion of their assets in stocks have an overall level of risk that should be higher than funds that have more bonds and smaller shares of stocks.

See the prospectuses for more information on risk.

Target Retirement Fund	Ticker symbol	Acquired Fees & Expenses <sup>1</sup>	Fund Asset Allocation			Overall Risk Level
			Stocks	Bonds	Short-term reserves	
2055	VFFVX	0.19%	89.8%	10.2%	0.0%	Moderate-Aggressive
2050	VFIFX	0.19%	89.6%	10.2%	0.2%	Moderate-Aggressive
2045	VTIVX	0.19%	89.6%	10.2%	0.2%	Moderate-Aggressive
2040	VFORX	0.19%	89.6%	10.2%	0.2%	Moderate-Aggressive
2035	VTTHX	0.19%	87.8%	12.1%	0.1%	Moderate-Aggressive
2030	VTHRX	0.18%	80.2%	19.7%	0.1%	Moderate-Aggressive
2025	VTTVX	0.18%	72.6%	27.3%	0.1%	Moderate
2020	VTWNX	0.17%	65.0%	34.9%	0.1%	Moderate
2015	VTXVX	0.16%	56.8%	43.1%	0.1%	Moderate
2010	VTENX	0.17%	45.9%	53.2%	0.9%	Moderate
2005	VTOVX	0.17%	31.7%	63.8%	4.6%	Moderate
Income Fund	VTINX	0.17%	29.5%	65.4%	5.1%	Conservative-Moderate

### Underlying Funds

- Vanguard Total Stock Market Index Fund seeks to track the performance of the entire U.S. stock market.
- Vanguard Total Bond Market II Index Fund seeks to track the performance of a broad, market-weighted bond index.
- Vanguard Total International Stock Index Fund seeks to track the performance of stocks from developed and emerging markets, excluding the United States.
- Vanguard Inflation-Protected Securities Fund invests in inflation-indexed securities issued by the U.S. government and corporations.
- Vanguard Prime Money Market Fund invests in corporate and U.S. government agency securities having an average maturity of 90 days or less.

<sup>1</sup>This figure represents a weighted average of the expense ratios and any fees charged by the underlying mutual funds in which the Target Retirement Funds invest. The Target Retirement Funds do not charge any expenses or fees of their own. Acquired is a term that the Securities and Exchange Commission applies to any mutual fund whose shares are owned by another fund.

**Note:** The funds listed in this fact sheet may not be available in all plans. Frequent trading policies may apply to those funds offered as investment options within your plan. Please log on to Vanguard.com for your employers' plans or contact Participant Services at 800-523-1188 for additional information.

# Vanguard Target Retirement Funds

## Average Annual Total Returns<sup>1</sup>

Fund (Inception Date)	Periods ended September 30, 2011					
	Quarter	Year to date	One year	Three years	Five years	Since inception
Vanguard Target Retirement 2055 Fund (August 18, 2010)	-14.79%	-10.23%	-1.58%	—	—	2.90%
Target Retirement 2055 Composite Ix <sup>2</sup>	-14.56%	-9.99%	-1.45%	—	—	3.07%
Vanguard Target Retirement 2050 Fund (June 7, 2006)	-14.91%	-10.42%	-1.89%	2.06%	-0.06%	1.09%
Target Retirement 2050 Composite Ix <sup>2</sup>	-14.56%	-9.99%	-1.45%	2.24%	-0.02%	1.12%
Vanguard Target Retirement 2045 Fund (October 27, 2003)	-14.91%	-10.37%	-1.82%	2.06%	-0.05%	4.38%
Target Retirement 2045 Composite Ix <sup>2</sup>	-14.56%	-9.99%	-1.45%	2.24%	-0.02%	4.45%
Vanguard Target Retirement 2040 Fund (June 7, 2006)	-14.93%	-10.42%	-1.87%	2.10%	-0.04%	1.00%
Target Retirement 2040 Composite Ix <sup>2</sup>	-14.56%	-9.99%	-1.45%	2.24%	-0.02%	1.04%
Vanguard Target Retirement 2035 Fund (October 27, 2003)	-14.59%	-10.08%	-1.55%	2.13%	-0.02%	4.02%
Target Retirement 2035 Composite Ix <sup>2</sup>	-14.26%	-9.69%	-1.16%	2.34%	0.04%	4.12%
Vanguard Target Retirement 2030 Fund (June 7, 2006)	-13.04%	-8.63%	-0.83%	2.62%	0.44%	1.57%
Target Retirement 2030 Composite Ix <sup>2</sup>	-12.78%	-8.29%	-0.49%	2.80%	0.50%	1.63%
Vanguard Target Retirement 2025 Fund (October 27, 2003)	-11.49%	-7.21%	-0.11%	3.26%	1.12%	4.14%
Target Retirement 2025 Composite Ix <sup>2</sup>	-11.28%	-6.89%	0.17%	3.42%	1.15%	4.18%
Vanguard Target Retirement 2020 Fund (June 7, 2006)	-9.94%	-5.75%	0.53%	3.91%	1.76%	2.72%
Target Retirement 2020 Composite Ix <sup>2</sup>	-9.77%	-5.49%	0.79%	4.02%	1.78%	2.74%
Vanguard Target Retirement 2015 Fund (October 27, 2003)	-8.24%	-4.11%	1.40%	4.59%	2.43%	4.61%
Target Retirement 2015 Composite Ix <sup>2</sup>	-8.35%	-4.28%	1.23%	4.47%	2.31%	4.55%
Vanguard Target Retirement 2010 Fund (June 7, 2006)	-5.93%	-1.79%	2.68%	5.28%	3.17%	3.94%
Target Retirement 2010 Composite Ix <sup>2</sup>	-6.10%	-1.93%	2.57%	5.22%	3.12%	3.88%
Vanguard Target Retirement 2005 Fund (October 27, 2003)	-2.95%	1.02%	3.92%	5.83%	4.02%	4.96%
Target Retirement 2005 Composite Ix <sup>2</sup>	-3.22%	0.80%	3.81%	5.83%	3.96%	5.00%
Vanguard Target Retirement Income Fund (October 27, 2003)	-2.59%	1.21%	3.70%	6.15%	4.61%	4.96%
Target Retirement Income Compos. Ix <sup>2</sup>	-2.64%	1.31%	3.76%	6.11%	4.52%	4.94%

<sup>1</sup> Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

<sup>2</sup> The composite index is derived by applying the fund's target asset allocation to the results of the following benchmarks: for international stocks of developed markets, the MSCI EAFE Index through December 15, 2010, and the MSCI ACWI Index thereafter; for emerging markets stocks, the Select Emerging Markets Index from inception through August 23, 2006, the MSCI Emerging Markets Index through December 15, 2010, and the MSCI ACWI ex USA IMI Index thereafter; for bonds that are not inflation protected, the Barclays Capital U.S. Aggregate Bond Index (from inception through December 31, 2009), and the Barclays Capital U.S. Aggregate Float Adjusted Index thereafter; for bonds that are inflation-protected, the Barclays Capital U.S. Treasury Inflation Protection Securities Index; for short-term reserves, the Citigroup 3-Month Treasury Bill Index; and for U.S. stocks, the Dow Jones Wilshire 5000 Total Market Index from inception through April 22, 2005, and the MSCI US Broad Market Index thereafter. MSCI International benchmark returns are adjusted for withholding taxes applicable to Luxembourg holding companies.

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

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

*Prices of mid- and small-cap stocks often fluctuate more than those of large-company stocks.*

*For more information about Vanguard funds, visit [vanguard.com](http://vanguard.com), or call 800-523-1188, to obtain a prospectus. Investment objectives, risks, charges, expenses, and other important information about a fund are contained in the prospectus; read and consider it carefully before investing.*