

# Vanguard® Target Retirement 2025 Fund- Investor Shares

The Vanguard Group began operations in 1975 and is a leader in the investment management business. The Vanguard Group is known for providing competitive investment performance, a broad array of mutual funds, top client service, and an average expense ratio that is among the lowest of families of retail mutual funds.

Asset Class: **Asset Allocation**  
Category: **Lifecycle**

## FUND FACTS

Inception date: **October 27, 2003**

Acquired fund fees and expenses for period ended September 30, 2007: **0.19%**

If offered through a retirement program, additional fees and expenses may be charged under that program.

## Important Information

Category is interpreted by ING using Fund company and/or Morningstar category information.

Fees and expenses may be subject to change based on fund size or fee waiver arrangements; please refer to the prospectus for more information. More detailed information is included in the enrollment material.

Although the Fund is not expected to incur any net expenses directly, the Fund's shareholders indirectly bear the expenses of the underlying Vanguard funds (the Acquired Funds) in which the Fund invests.

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**You should consider the investment objectives, risks, and charges and expenses of the investment options offered through a retirement plan carefully before investing. The prospectus contains this and other information. Please read the prospectus carefully before investing. You can obtain a free prospectus for the Fund and/or the separate account prior to making an investment decision or at any time by contacting your local representative or 1-800-262-3862. If a different toll-free number is shown on the first page of the Prospectus Summary or in your enrollment material, please call that number.**

## Investment Adviser

The Vanguard Group, Inc. (Vanguard)

## Portfolio Manager

The manager primarily responsible for the day-to-day management of the Fund is: Duane F. Kelly, Principal of Vanguard. He has been with Vanguard since 1989; has managed stock index portfolios since 1992; and has managed the Fund since its inception.

## Investment Objective

The Fund seeks to provide capital appreciation and current income consistent with its current asset allocation.

## Strategy

The Fund invests in other Vanguard mutual funds according to an asset allocation strategy designed for investors planning to retire in or within a few years of 2025. The Fund's asset allocation will become more conservative over time. The Fund's asset allocation will become more conservative over time, meaning that the percentage of assets allocated to stocks will decrease while the percentage of assets allocated to bonds and other fixed income investments will increase. Within seven years after 2025, the Funds' asset allocation should become similar to that of the Target Retirement Income Fund. As of December 31, 2007, the Fund's asset allocation among the underlying funds was: Vanguard Total Stock Market Index Fund - 63.1%, Vanguard Total Bond Market Index Fund - 21.1%, Vanguard European Stock Index Fund - 8.7%, Vanguard Pacific Stock Index Fund - 3.8%, and Vanguard Emerging Markets Stock Index Fund - 3.2%. The Fund's indirect stock holdings consist substantially of large-capitalization U.S. stocks and, to a lesser extent, of mid- and small-cap U.S. stocks, as well as foreign stocks. The Fund's indirect bond holdings are a diversified mix of short-, intermediate-, and long-term investment-grade, taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities.

## Principal Risks

The Fund is subject to several stock and bond market risks, any of which could cause an investor to lose money. Because stocks usually are more volatile than bonds, and because the Fund currently invests more of its assets in stocks, the Fund's overall level of risk should be higher than that of funds that invests the majority of their assets in bonds; however, the level of risk should be lower than of funds investing entirely in stocks. With approximately 79% of its assets currently allocated to stocks, the Fund is proportionately subject to stock market risk, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. The Fund is also subject to the following risks associated with investments in foreign stocks: 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; and 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 companies in a particular country or region. With approximately 21% of its assets currently allocated to bonds, the Fund is proportionately subject to bond risks; interest rate risk, which is the chance that bond prices overall will decline because of rising interest rates; income risk, which is the chance that an underlying fund's income will decline because of falling interest rates; credit risk, which is the chance that the issuer of a security 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 security to decline, thus reducing an underlying fund's return; and a call risk, which is the chance that during periods of falling interest rates, issuers of callable bonds may call (repay) securities with higher coupons or interest rates before their maturity dates. An underlying fund would then lose potential price appreciation and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the fund's income. For mortgage-backed securities, this risk is known as prepayment risk. The Fund is also subject to asset allocation risk, which is the chance that the selection of underlying funds, and the allocation of assets to them, will cause the Fund to underperform other funds, and the allocation of assets to them, will cause the Fund to underperform other funds with a similar investment objective.

Securities are offered through ING Financial Advisers, LLC (member SIPC) or other broker-dealers with which it has a selling agreement.



# PORTFOLIO UPDATE

## Vanguard® Target Retirement 2025 Fund- Investor Shares

### Important Information

Past performance does not guarantee future results. For most recent month-end performance which may be lower or higher than the past performance data shown please call 1-800-262-3862. Investment return and the principal value of an investment will fluctuate so that, when sold, an investment may be worth more or less than the original cost.

Average annual total returns and calendar year returns are net of all fund expenses, but do not include retirement plan charges which, if included, would reduce the total return. Please see the accompanying Performance Update for standardized product level returns. Performance results assume reinvestment of all earnings and do not include the deduction of any fund sales charges, which are waived under the terms of this retirement program.

The fund industry has been under scrutiny because some fund managers have allowed improper market timing and late day trading. To review the practices and procedures regarding market timing and late day trading, please refer to the current prospectus and supplement(s) for each fund.

AS OF SEPTEMBER 30, 2008

(shown in percentages)

### Average annual total returns

|                    | Qtr <sup>#</sup> | 1 Yr   | 3 Yr | 5 Yr | 10 Yr | Inception |
|--------------------|------------------|--------|------|------|-------|-----------|
| Fund               | -8.66            | -17.61 | 1.27 | N/A  | N/A   | 4.67      |
| Index <sup>1</sup> | -8.70            | -21.21 | 0.64 | N/A  | N/A   | N/A       |

<sup>#</sup> Return Not Annualized

### Top Holdings

|  |       |
|--|-------|
| Vanguard Total Stock Market Index Fund     | 62.4% |
| Vanguard Total Bond Market Index Fund      | 22.1% |
| Vanguard European Stock Index Fund         | 8.4%  |
| Vanguard Pacific Stock Index Fund          | 3.9%  |
| Vanguard Emerging Markets Stock Index Fund | 3.2%  |



<sup>1</sup>The Wilshire 5000 Index is an unmanaged index tracking the performance of the largest 5000 publicly-traded U.S. stocks. Please note that indexes are unmanaged and their returns do not take into account any of the fees and expenses of the mutual funds to which they are compared. Individuals cannot invest directly in any index.