

# Ask a CFP® Professional Brochure

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This brochure provides information about the qualifications and business practices of Vanguard's Ask a CFP Professional service, offered through Vanguard Advisers, Inc. ("VAI"). If you have any questions about the contents of this brochure, please contact us at the number above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about VAI also is available on the SEC's website at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

**VAI is a registered investment advisor with the SEC. Registration does not imply a certain level of skill or training.**

**Material changes:**

There have been no material changes in Ask a CFP Professional's advisory business, fees and compensation, disciplinary information, or other practices.

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## Advisory business

Vanguard Advisers, Inc. ("VAI") is a Pennsylvania corporation that provides investment advisory services to a wide variety of clients. VAI was incorporated and has been in business since 1995. VAI is 100% owned by Goliath, Inc., a Delaware corporation. As such, VAI is an indirect, wholly owned subsidiary of The Vanguard Group, Inc. ("Vanguard"), the sponsor and manager of the family of mutual funds comprising The Vanguard Group of Investment Companies (the "Vanguard Funds"), which VAI typically recommends as investments.

### Ask a CFP Professional

VAI provides an advisory service, Ask a CFP Professional, that allows clients to engage in telephone consultations with a Certified Financial Planner™ professional from Vanguard. This service is designed to assist a wide variety of our clients with investment decisions on a range of financial topics.

Intended to help clients achieve their long-term investment goals, the service allows a client to engage in a telephone conversation with a financial planner from Vanguard, who will give advice on a specific financial question or topic. The advice received is based on Vanguard's investment methodology as well as generally accepted investment principles. It will be tailored to the client's personal situation and based on the information provided by the client over the telephone to the planner.

There's no obligation to accept or act upon any advice provided by the financial planner from Vanguard. If the client chooses to do so, it will be the client's responsibility to separately contact Vanguard (or the client's retirement plan recordkeeper) to initiate any transactions. Neither VAI nor Vanguard is authorized to make decisions or enter into any transactions regarding the client's investments. There's no guarantee that any advice given, or suggested asset allocation or mix of funds, will meet the client's investment objectives. As a client's financial circumstances or goals change, it may be helpful to engage this service again.

Ask a CFP Professional is a point-in-time service; as such, it doesn't manage client assets on a discretionary or nondiscretionary basis.

The advice provided may include recommendations to hold or purchase Vanguard Funds, which are affiliates of VAI. Acting in accordance with such advice will result in the payment of fees to the Vanguard Funds and to Vanguard, an affiliate of VAI.

## Fees and compensation

### Fees and other costs

There's no fee charged for this service, which offers a telephone consultation with a financial planner.

The advice that VAI provides may include recommendations to sell, hold, or purchase Vanguard Funds. Acting in accordance with such advice will result in the payment of fees to the Vanguard Funds and to Vanguard, an affiliate of VAI. A purchase or sale of Vanguard Fund shares isn't subject to a load, sales charge, or commission. However, each Vanguard Fund incurs advisory, administrative, and custodial fees, as well as other fees and expenses that it pays out of its own assets. The advisory, administrative, custodial, and other costs make up the fund's "expense ratio." Also, some Vanguard Funds impose purchase and redemption fees. Clients who invest in Vanguard Funds are indirectly subject to the applicable expense ratios and directly subject to any purchase and redemption fees. Please consult the prospectus for information about a specific fund's expense ratio. Clients may also directly incur transaction or brokerage charges when transacting in non-Vanguard securities.

Participants in employer-sponsored retirement plans may also indirectly bear the fees assessed by Vanguard for recordkeeping services provided by Vanguard to a retirement plan. In connection with its services, Vanguard receives fees that are separate from, and in addition to, any fees assessed by VAI. Thus, retirement plan participants who are receiving advice from VAI may indirectly bear the fees assessed by Vanguard in connection with its services to the plan, in addition to any fees assessed by VAI.

Participants in employer-sponsored retirement plans for which Vanguard provides recordkeeping services may be permitted to invest in collective trusts, company stock funds, or certain customized investment options for which an affiliate of VAI provides services and receives compensation. Because advice provided may include recommendations to hold or purchase these investment options, acting in accordance with such advice may result in the payment of fees to an affiliate of VAI.

Participants in employer-sponsored retirement plans for which Vanguard provides recordkeeping services are often permitted to invest in non-Vanguard mutual funds. Because the advice provided by VAI may include recommendations to transact in non-Vanguard mutual funds, acting in accordance with such advice may result in payments to Vanguard as compensation for participant-level recordkeeping and administrative services provided by Vanguard for such funds. This payment may be made by the fund company sponsoring the non-Vanguard mutual fund, by the plan sponsor, by the participant investing in the non-Vanguard mutual fund, or some combination thereof.

The purchase or sale of third-party fund shares through Vanguard or its affiliates may be subject to a load or sales charge, although VAI generally recommends the purchase of no-load mutual funds. Additionally, participant account assets that are invested in third-party mutual funds indirectly bear the annual fund operating expenses charged by those mutual funds. A fund's expenses are detailed in its prospectus. If VAI recommends that clients transact in non-Vanguard investments, clients may incur additional fees—including transaction fees, brokerage charges, sales charges, expense ratios, commissions, markups, or other fees or expenses. In addition, Vanguard or its affiliates may receive other compensation, including asset-based sales charges, service fees, revenue-sharing payments, 12b-1 fees, or other fees, in connection with such investments. Ask a CFP doesn't take into consideration whether Vanguard or any of its affiliates would receive fees from its recommendation to purchase, hold, or sell non-Vanguard investments.

#### **Special note for retirement plan participants**

The fees received by VAI and by its agents and registered representatives for the advice provided through this program don't vary depending on the basis of any investment option selected.

#### **Performance-based fees and side-by-side management**

Neither VAI nor financial planners receive performance-based fees for advisory services they provide to clients.

#### **Types of clients**

Clients with less than \$500,000 in Vanguard assets are only eligible for one complimentary Ask a CFP Professional advice engagement per offer letter or e-mail that they receive from Vanguard. Clients who are currently enrolled in Vanguard Flagship Services® or Vanguard Voyager Select Services®, or clients with \$500,000 or more in Vanguard assets, are eligible for additional advice engagements as needed.

Eligibility is based on total household assets held at Vanguard, with a minimum of \$50,000 to qualify for Vanguard Voyager Services®, \$500,000 for Vanguard Voyager Select Services, and \$1 million for Vanguard Flagship Services. We determine eligibility by aggregating assets of all qualifying accounts held by the investor and his or her immediate family members who reside at the same address, including investments in Vanguard Funds, Vanguard ETFs®, certain annuities through Vanguard, The Vanguard 529 Plan, and certain small-business accounts. Assets in employer-sponsored retirement plans for which Vanguard provides recordkeeping services may be included in determining eligibility if the investor also has a personal account holding Vanguard Funds. Note that assets held in a Vanguard Brokerage Services® account (other than Vanguard ETFs) aren't included when determining a household's eligibility.

Ask a CFP Professional is available to retirement plan participants who are age 55 or over, or those who qualify because of their nonretirement assets held at Vanguard, provided that the plan sponsor has authorized the service in accordance with the requirements of the Pension Protection Act of 2006.

## Methods of analysis, investment strategies, and risk of loss

### VAI's investment methodology

VAI's investment methodology incorporates our own investment philosophies and beliefs, such as the benefits of low costs, diversification, and indexing. Our methodology, which is approved and periodically reviewed by senior Vanguard management, is based on Vanguard's own fundamental research, as well as research obtained from a wide variety of external sources, both public and private. Our methodology is driven by long-term financial goals, not by market-timing or short-term investment performance. Rather than attempting to predict which investments will provide superior performance at any given time, VAI generally tries to minimize risk by recommending that you maintain broad diversification among investments from a variety of market sectors and asset classes.

All investments involve risk, including possible loss of principal. Fluctuations in the financial markets and other factors may cause declines in the value of your account. There's no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. Diversification doesn't ensure a profit or protect against a loss in a declining market. As with any investment, you could lose money.

## Disciplinary information

VAI has no disciplinary information to disclose.

## Other financial industry activities and affiliations

### The Vanguard Group, Inc. (Vanguard)

Through an intermediary entity, VAI is 100% owned by The Vanguard Group, Inc. (Vanguard). Vanguard, also a registered investment advisor, provides a range of investment advisory and administrative services to the Vanguard Funds. Vanguard is truly a *mutual* mutual fund company. It's owned jointly by the funds it services and thus indirectly by the shareholders in those funds. Most other mutual funds are operated by management companies that may be owned by one person, by a private group of individuals, or by public investors who own the management company's stock. The management fees charged by these companies include a profit component over and above the companies' cost of providing these services. By contrast, Vanguard provides services to its member funds on an at-cost basis, with no profit component, which helps to keep the funds' expenses low.

When giving advice to clients, VAI will recommend the purchase of Vanguard Funds serviced by VAI's corporate parent, Vanguard. VAI addresses the competing interests that could arise between us and our clients as a result of recommending proprietary funds by relying on our time-tested investment philosophies and beliefs, such as the benefits of low costs, diversification, and indexing when formulating target allocations for clients. VAI discloses to prospective clients that it recommends Vanguard Funds prior to, or at the establishment of, the advisory relationship. Although acting in accordance with VAI's advice to purchase Vanguard's proprietary funds will result in the payment of fees to the Vanguard Funds and ETFs that are separate from, and in addition to, any fees assessed by VAI, any competing interests that could arise are mitigated by the at-cost nature of Vanguard's services to the funds. Clients may separately arrange for the provision of advice by another provider that has no material affiliation with, and receives no compensation in connection with, the mutual funds, securities, or other property that's the subject of the advice.

#### **Vanguard Marketing Corporation (VMC)**

Shares of the Vanguard Funds are marketed and distributed by Vanguard Marketing Corporation (VMC), a registered broker-dealer that's a wholly owned subsidiary of Vanguard, and an affiliate of VAI. VMC's marketing and distribution services are conducted on an at-cost basis in accordance with the terms and conditions of a 1981 exemptive order from the Securities and Exchange Commission that permits Vanguard Funds to internalize and jointly finance such activities. Each Vanguard Fund (other than a fund of funds) or each share class of a fund (in the case of a fund that has multiple share classes) pays its allocated share of VMC's marketing costs. VMC doesn't receive transaction-based compensation in connection with the distribution of the Vanguard Funds.

When giving advice to clients, VAI will recommend the purchase of Vanguard Funds distributed by VAI's affiliate, VMC. Since VMC performs its marketing and distribution services on an at-cost basis and doesn't receive transaction-based compensation in connection with the distribution of the Vanguard Funds, no competing interests arise from VAI's affiliation with VMC. Certain members of VAI's management and staff are registered representatives of, or are affiliated with, VMC. Please refer to the *Supplement to the Ask a CFP Professional and Vanguard Financial Plan Brochures* for further information.

#### **Vanguard Fiduciary Trust Company (VFTC)**

VAI is also affiliated with Vanguard Fiduciary Trust Company (VFTC), a limited-purpose trust company incorporated under the banking laws of the Commonwealth of Pennsylvania and a wholly owned subsidiary of Vanguard. VFTC serves as trustee and investment advisor for certain collective investment trusts offered by Vanguard as eligible investment options by some retirement plans.

## **Code of ethics, participation or interest in client transactions, and personal trading**

VAI operates under a code of ethics that complies with Rule 17j-1 of the Investment Company Act of 1940 and Rule 204A-1 of the Investment Advisers Act of 1940.

The code sets forth fiduciary standards that apply to all employees, incorporates Vanguard's insider trading policy, and governs outside employment and receipt of gifts. Additionally, the code imposes restrictions on the personal securities trading of Vanguard employees, as well as reporting requirements. The trading restrictions and reporting requirements are more involved for employees who have access to information about Vanguard Fund trading activity or Vanguard client trading activity. These restrictions are designed to ensure that Vanguard employees don't misuse fund and/or client information for their own benefit.

Vanguard will provide, free upon request, a copy of its code of ethics to any client or prospective client.

Please see the section of this brochure entitled "Other financial industry activities and affiliations" for a discussion of VAI's affiliations with other Vanguard entities, and how those affiliations may impact clients of VAI.

## **Brokerage practices**

VAI doesn't recommend broker-dealers in connection with client transactions arising out of VAI's advice, as VAI generally recommends the purchase of Vanguard investments. However, if clients are interested in receiving brokerage services apart from the advisory services provided by VAI, VAI may inform clients of the availability of such services through Vanguard Brokerage Services (VBS®). VBS is a division of Vanguard Marketing Corporation. VAI's clients decide whether they want to trade through VBS or not. Clients may open a VBS account for the purposes of (1) consolidating assets or (2) transferring and liquidating assets previously held through another institution in advance of implementing VAI's recommended allocation of Vanguard investments. VBS will receive brokerage fees and commissions if a client opens a VBS account and executes trades.



### Review of accounts

Under the Ask a CFP Professional service, VAI, Vanguard, and their affiliates aren't under any obligation to review or monitor a client's financial situation on an ongoing basis, or to update any advice given during a telephone consultation.

As owners of Vanguard Fund shares, VAI clients will receive or have access to communications with respect to those funds. These communications include transaction confirmations, quarterly account statements, prospectus updates, annual and semiannual reports, and proxy statements relating to their fund holdings (as appropriate), as well as general Vanguard newsletters, e-mails, and other communications.

### Client referrals and other compensation

VAI receives no economic benefits from persons who aren't clients for providing investment advice or advisory services to its clients.

VAI doesn't directly or indirectly compensate any person who isn't a supervised person for client referrals.

### Custody

VAI doesn't have custody of client funds or securities through the Ask a CFP Professional service. The Vanguard Group, Inc., acting in its capacity as transfer agent of the Vanguard Funds, sends quarterly or more frequent account statements to clients. Clients should carefully review these account statements and contact Vanguard with any questions.

### **Investment discretion**

The Ask a CFP Professional service provides a point-in-time consultation and doesn't exercise discretion over client assets.

### **Voting client securities**

VAI won't vote or exercise similar rights for client securities. The exercise of all voting rights associated with any security or other property held by a client shall be the responsibility of the client. VAI won't advise or act for the client in any legal proceedings, including bankruptcies or class actions, involving securities held or previously held by the client or the issuers of those securities. Proxies will be delivered to clients by the issuer of the security, the custodian, or its agent.

### **Financial information**

The possible prepayment of fees to be charged for this service doesn't exceed \$1,200 nor does VAI have discretion over client accounts through the program. VAI isn't aware of any financial condition that's reasonably likely to impair its ability to meet contractual commitments to clients.

### **Requirements for state-registered advisors**

VAI is a federally registered investment advisor.





Vanguard Advice Services

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**Connect with Vanguard®** > [vanguard.com](http://vanguard.com) > 800-337-6241

Ask a CFP Professional is provided by Vanguard Advisers, Inc., a registered investment advisor.