

Investing basics for women

Investor education



Vanguard

Agenda

- Recognize your investing strengths
- Learn the basics
- Get involved



A woman with blonde hair, wearing a light blue cardigan over a pink top and a necklace, is talking on a mobile phone. She is holding a brown tablet in her left hand and has a brown leather bag slung over her shoulder. The background is a blurred outdoor setting with greenery and a red sign.

Recognize your
investing strengths

Women comprise a powerful demographic

Women are financial decision makers

- Make about 70% of household buying decisions*
- Nine out of ten manage their finances on their own at some point**
 - Marry later in life†
 - Divorce††
 - Outlive their spouses‡

* Michael J. Silverstein, Kosuke Kato, and Pia Tischhauser, 2009. *Women want more (in financial services)*. Boston, Mass.: Boston Consulting Group.

** Noreen Beaman, 2012. The gender trap: Male advisors may be missing a practice-building opportunity with advice-directed women. *Investment Advisor* (March 2012). (Published by AdvisorOne.)

† D'Vera Cohn, 2011. *Marriage rate declines and marriage age rises*. Washington, D.C.: Pew Research Center. (Social & Demographic Trends.)

†† Rose M. Kreider and Renee Ellis, 2011. *Number, Timing, and Duration of Marriages and Divorces: 2009*. Washington, D.C.: U.S. Census Bureau. (Current Population Reports, P70–125.)

‡ Institute for Health Metrics and Evaluation, 2009. *Highest and lowest life expectancy by county and sex (US), 1999-2009*. Seattle, Wash.: Institute for Health Metrics and Evaluation.

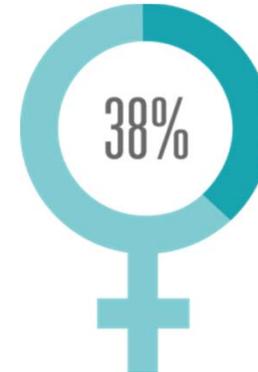
Women are earning more than ever before



Graduate degrees



Women-owned
businesses



Percentage of married women
who outearn their husbands*

By 2020

67% of personal wealth is expected to be
controlled by women in the United States.**

* U.S. Census Bureau, 1988–2010. *Current population survey annual social and economic supplements*. Washington, D.C.: U.S. Census Bureau.

** Sasha Galbraith, 2011. *Financial services: The industry women love to hate*. Accessed February 19, 2015, at <http://www.forbes.com/sites/sashagalbraith/2011/03/18/financial-services-the-industry-women-love-to-hate/>

Women are uniquely suited to sound investing

- View investing differently
- Keep focus on objectives
- Are comfortable with a patient, long-term outlook
- Spend time to more fully understand options



“Women now drive the world economy . . .
In aggregate, women represent a growth
market bigger than China and India combined.”

—Michael J. Silverstein and Kate Sayre. The female economy. *Harvard Business Review*, September 2009.

A photograph of two women sitting at a wooden table in a meeting. The woman on the right is wearing a dark blazer and a red necklace, smiling as she looks at a tablet held by the woman on the left. The woman on the left is wearing a yellow top. The background is a plain, light-colored wall. The text "Learn the basics" is overlaid in white on the right side of the image.

Learn the basics

Investing basics: Identify your financial goals

Savings

- College: Learn about options such as tax-advantaged accounts and 529 plans
- Home: Learn about your options for buying a first home, vacation property, or financing renovations

Retirement

Invest now to help fund a comfortable retirement

Charitable giving

Learn tax-efficient options for supporting causes that matter to you

Investing basics: Identify your financial goals

Emergency fund

Create a financial buffer to protect your family against hardship

Estate planning

Create an estate plan to preserve your financial legacy and provide for the next generation

Long-term care

Prepare for eventual care needs for yourself and your loved ones

Investing basics: The major asset classes



Stocks

Shares of ownership
in a company



Bonds

Loans to a government
or a company



Cash equivalents

Include CDs, U.S.
Treasury bills, and
money market funds



Higher potential returns
Higher level of risk

Lower potential returns
Lower level of risk

All investing is subject to risk. Bond funds are subject to the risk that an issuer will fail to make payments on time, and that bond prices will decline because of rising interest rates or negative perceptions of an issuer's ability to make payments. Investments in bonds 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. Unlike stocks and bonds, U.S. Treasury bills are guaranteed as to the timely payment of principal and interest.

Investing basics: Active and passive investing

Active management

Investment strategy that seeks to outperform the market by selecting individual securities

Indexing

Investment strategy that generally seeks to track market performance by holding securities that make up a particular index, such as the S&P 500

Investing principles

Goals	Balance	Cost	Discipline
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Start with an investment plan

- Investment goals
 - Preserve assets, pay for education, fund retirement, etc.
- Constraints
 - The level of risk you're comfortable with (risk profile)
 - How long before you'll want to draw on your investments (time horizon)
 - Income or liquidity needs
 - Tax considerations

Investing principles

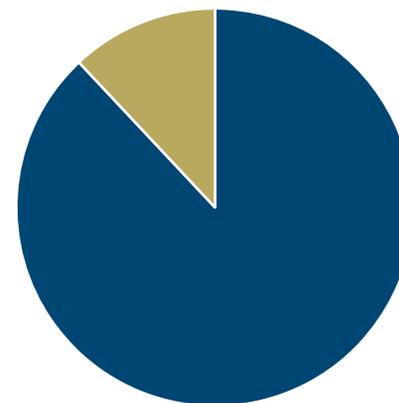


Start with an asset plan

- Long-term investment outcome is largely determined by asset mix
- Diversification helps mitigate risk
- Develop a suitable asset allocation



Percentage of a balanced portfolio's movements over time explained by:



- 88% Asset allocation
- 12% Security selection and market-timing

Source: Vanguard calculations using data from Morningstar.

Note: Calculations are based on monthly returns for 518 U.S. balanced funds from January 1962 through December 2011. For details of the methodology, see the Vanguard research paper *The Global Case for Strategic Asset Allocation* (Wallick, Shanahan, Tasopoulos, and Yoon, 2012).

Investing principles



Minimize costs

- Costs create an inevitable gap between what the markets return and what investors can actually earn
- Lower-cost mutual funds have tended to perform better than higher-cost funds over time*
- Index investments can be a useful tool for cost control

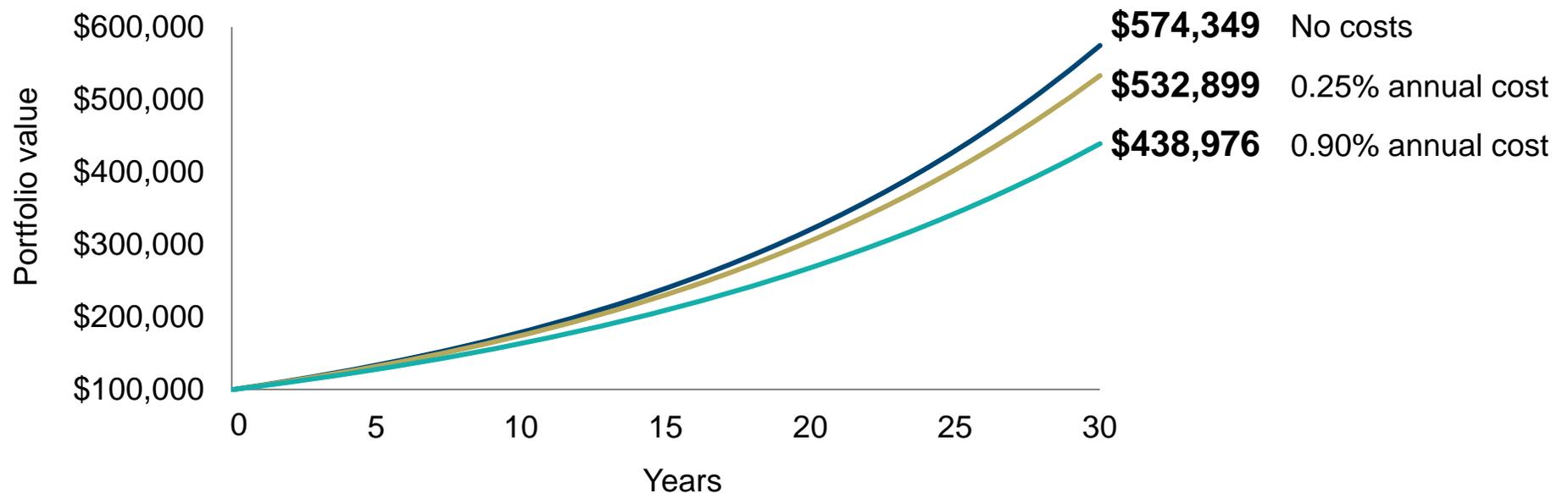
* *Vanguard principles for investing success*, 2014. Valley Forge, Pa.: The Vanguard Group.

Investing principles



The long-term impact of investment costs on portfolio balances

This example assumes a starting balance of \$100,000 and a yearly return of 6%, which is reinvested



Source: Vanguard.

Note: This hypothetical illustration does not represent any particular investment or the return on any particular investment. The final account balance does not reflect any taxes or penalties that may be due upon distribution. Withdrawals from a traditional IRA before age 59 1/2 are subject to a 10% federal penalty tax unless an exception applies.

Investing principles



Maintain perspective and long-term discipline

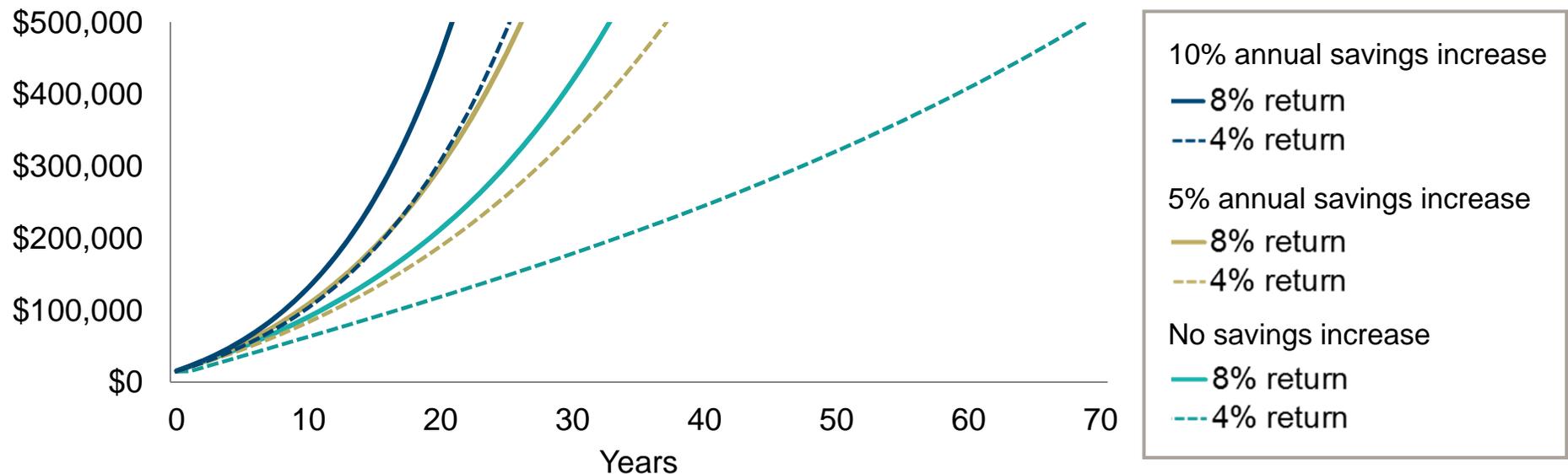
- Sticking with your asset allocation is an important way to help minimize risk
- Periodic rebalancing will help you maintain your allocation
- Attempts to outguess the market rarely pay
- Simply contributing more money toward an investment goal can be a surprisingly powerful tool

Investing principles



Increasing the savings rate can dramatically improve results

Years needed to reach a target using different contribution rates and market returns

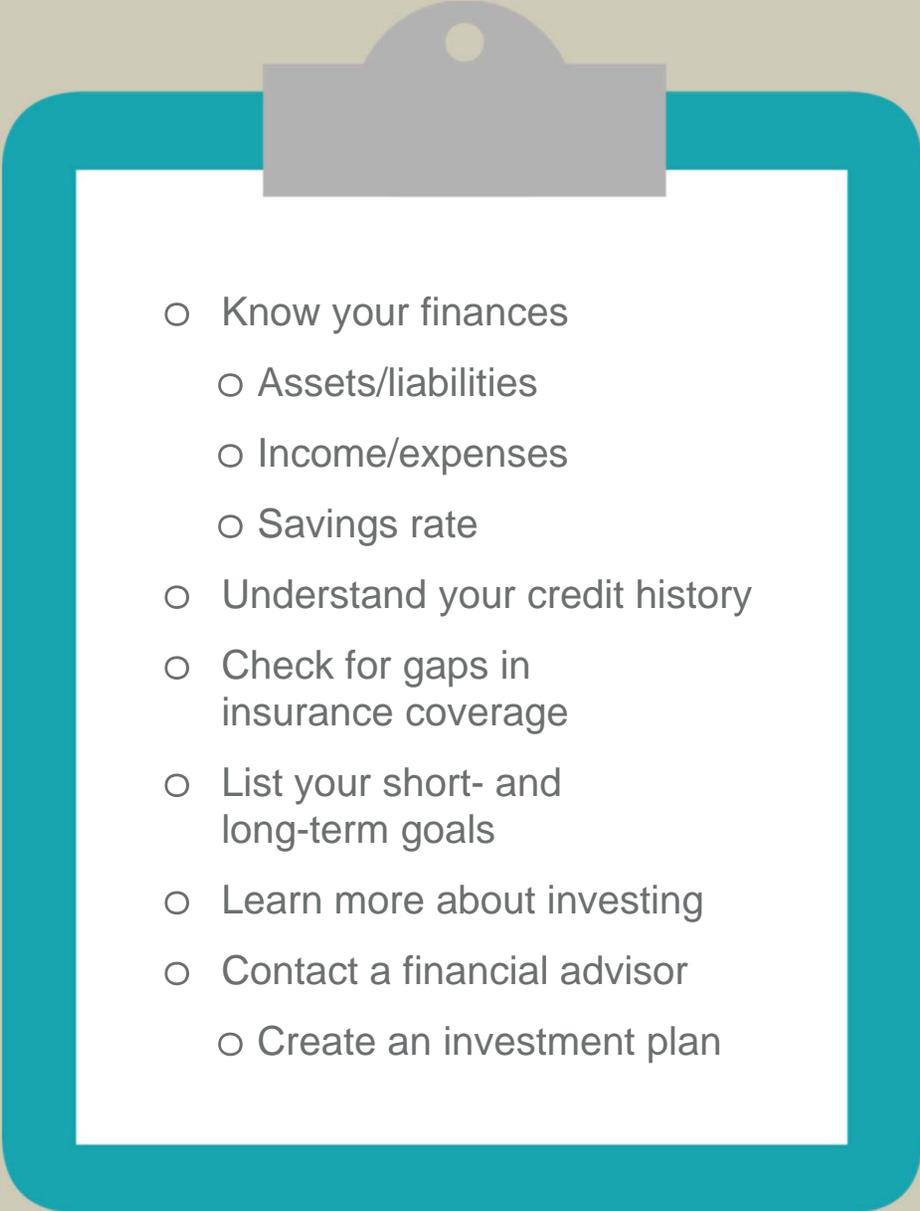


Source: Vanguard.

Note: This hypothetical example does not represent the return on any actual investment. The calculations assume a starting balance of \$10,000; an objective of \$500,000; a contribution of \$5,000 in the first year; and an annual inflation rate of 2%. Contributions are not adjusted for inflation, but the portfolio balance and the portfolio objective are adjusted for inflation at each year-end.

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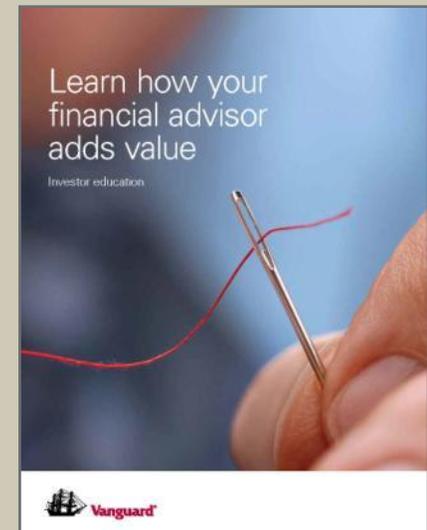
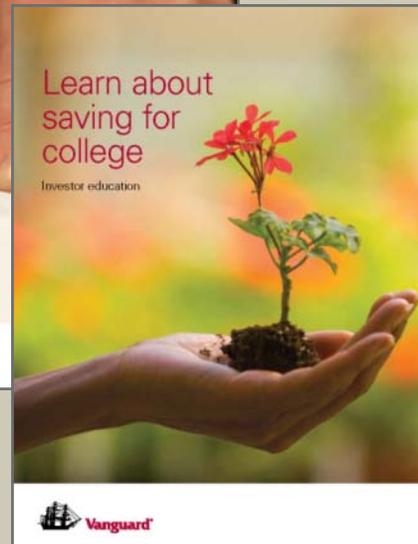
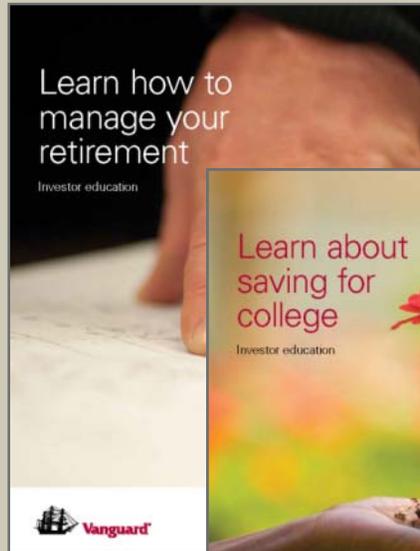
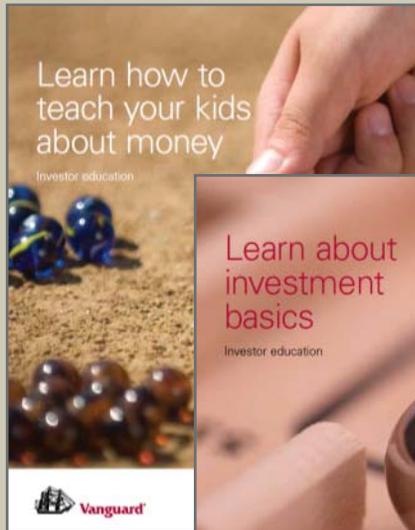
Get involved in the investment process

- 
- Know your finances
 - Assets/liabilities
 - Income/expenses
 - Savings rate
 - Understand your credit history
 - Check for gaps in insurance coverage
 - List your short- and long-term goals
 - Learn more about investing
 - Contact a financial advisor
 - Create an investment plan

Your financial advisor can help:

- Educate you on investing and the markets
- Create your investment plan
- Determine your risk profile, time horizon, and other factors
- Monitor and periodically rebalance your portfolio
- Consider tax implications
- Accommodate changing financial needs

Vanguard resources



Important information

For more information about Vanguard funds, visit vanguard.com, or call 800-997-2798, 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.

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

Please remember that all investments involve some risk. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is 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.

Investments in bonds are subject to interest rate, credit, and inflation risk.

Diversification does not ensure a profit or protect against a loss.

All investing is subject to risk, including possible loss of principal.

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