



Distributions from Vanguard Real Estate Index Fund

Important tax information for 2018

For 2018, all share classes of Vanguard Real Estate Index Fund may report the following distributions to investors (if generated by the fund during the year) on Form 1099-DIV: ordinary dividends, nontaxable distributions (return of capital), long-term capital gains, and unrecaptured Section 1250 gains. The example below shows how to report these distributions on your income tax return.

IMPORTANT TAX DOCUMENT										
						Vanguard Contact Info: 800-662-2739				
RECIPIENT'S TIN: XXX-XX-1234										
SAMPLE SHAREOWNER PO BOX 2600 VALLEY FORGE PA 19482-2600				2018 Form 1099-DIV Dividends and Distributions			P.O. Box 2600 Valley Forge, PA 19482 - 2600			
						Copy B For Recipient OMB No. 1545-0110				
Fund Name			PAYER'S TIN	Recipient Account number		State (Box 13)	State identification no. (Box 14)			
Total ordinary dividends (Box 1a)	Qualified dividends (Box 1b)	Total capital gain distr. (Box 2a)	Unrecap. Sec. 1250 gain (Box 2b)	Nondividend distributions (Box 3)	Federal income tax withheld (Box 4)	Section 199A dividends (Box 5)	Foreign tax paid (Box 7)	Exempt-interest dividends (Box 11)	Specified private activity bond interest dividends (Box 12)	State tax withheld (Box 15)
HIGH-YIELD TAX-EXEMPT INV				23-2473415	00000001234					
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	820.62	94.04	0.00
REAL ESTATE IDX INVESTOR				23-2834924	00000001234					
587.32	21.10	0.00	0.00	266.55	0.00	12.57	0.00	0.00	0.00	0.00
A	B	C	D	E	F					

- A Box 1a—Total ordinary dividends.** If the dividend total reported in Box 1a from all of the Forms 1099-DIV you receive is more than \$1,500, you must list each dividend by source on Schedule B, Part II, line 5, and enter the total on line 3b of Form 1040. If the total from all sources is \$1,500 or less, you don't need to complete Schedule B. Simply report the total on line 3b of Form 1040.
- B Box 1b—Qualified dividends.** This box shows the amount from Box 1a that's qualified dividend income (QDI) eligible to be taxed at 20%, 15%, or 0%, depending on your ordinary income tax rate. You must enter your total QDI on line 3a of Form 1040.
- C Box 2a—Total capital gain distributions.** If shown, this amount includes long-term capital gains as well as any unrecaptured Section 1250 gains (if distributed by the fund in 2018 and reported in Box 2b). Report the amount from Box 2a on Form 1040, Schedule 1, line 13.
- D Box 2b—Unrecaptured Section 1250 gain.** If shown, this amount must be reported separately on Schedule D, line 19. To determine the amount you should report on line 19, complete the Unrecaptured Section 1250 Gain Worksheet, which can be found in the Instructions for Schedule D.
- E Box 3—Nondividend distributions.** These amounts represent a tax-free return from your investment and are used to reduce your cost (or other) basis before calculating the gain or loss on any shares you sell. Nondividend distributions that exceed an investor's cost (or other) basis must be reported as capital gains (even though they're reported on Form 1099-DIV as nondividend distributions).
- F Box 5—Section 199A dividends.** If shown, this is the portion of the amount in Box 1a that may be eligible for the 20% deduction on qualified real estate investment trust (REIT) dividend income. You should contact a qualified tax professional about your eligibility to claim the 20% deduction for the amount in Box 5.

2018 capital gain or loss from the sale of fund shares as reported on Form 1099-B

In addition to the distributions Vanguard Real Estate Index Fund made to you in 2018, you may have realized a capital gain or loss from your sale of fund shares. If so, you must report this amount on IRS Form 8949 and on Form 1040, Schedule D. Vanguard reports gross proceeds and the basis for covered shares from these sales on Form 1099-B. You must also report your cost basis, holding period for the shares sold, and gain or loss.

Questions?

If you have questions about this tax update, refer to our *2018 Form 1099-DIV Reference Guide* (available online at vanguard.com/tax-forms) or IRS Publication 550, *Investment Income and Expenses*, or call the IRS at 800-829-1040.

You can call us at 877-662-7447 Monday through Friday from 8 a.m. to 10 p.m., Eastern time. Our investment professionals can't provide tax advice. Please consult a qualified tax professional if your tax situation is complex or if you're uncertain about the interpretation of a specific tax regulation.