Vanguard

How index funds can help Americans build wealth

Index funds have transformed investing over the past 50 years by making diversification at a very low cost accessible to everyone. Today, millions of Americans rely on indexing to help create wealth and achieve their financial dreams of saving for a child's education, retiring comfortably, or just feeling financially secure.

Paying less

Index funds charge much lower fees compared with actively managed funds—their **average expense ratio was just 0.09%** versus 0.56% for active funds at the end of 2024. That cost advantage means more investment returns stay in your pocket.

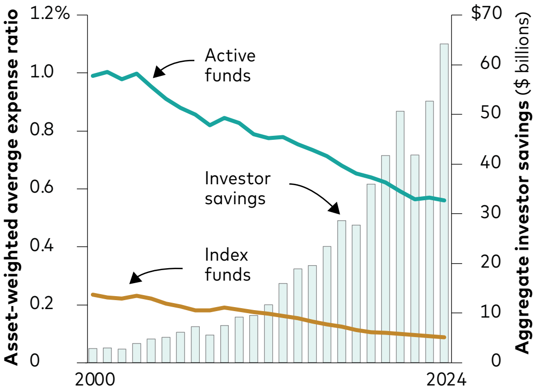
Keeping more returns

Whether you're investing for retirement or building a personal portfolio, indexing has enabled Americans to retain more of their hard-earned money. Our estimates show that in the last 25 years alone, investors could have **collectively saved an astounding $503 billion in fees**.

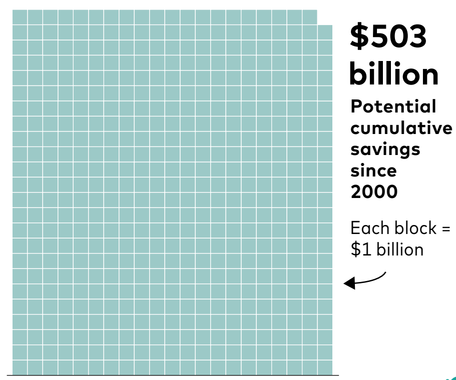
Compounding earnings

Imagine investing $10,000 back in 1976 in what's now called Vanguard 500 Index Fund. Thanks to compounding's power, **that investment could have grown to over $2.1 million** by September 2025, highlighting the transformative potential of index funds over time.

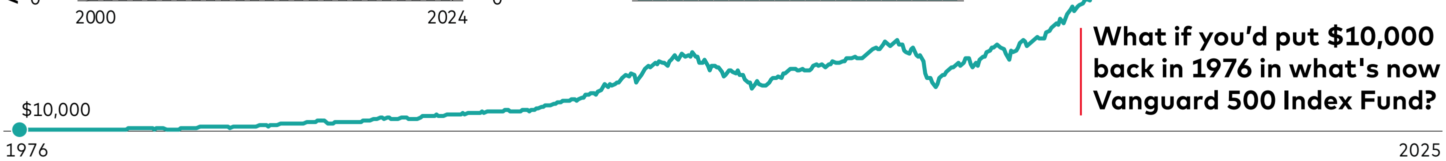
Lower costs are saving index fund investors billions every year



How much those fee savings since 2000 stack up to



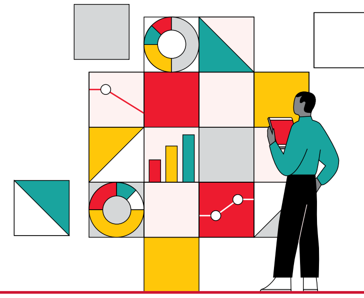
What if you'd put $10,000 back in 1976 in what's now Vanguard 500 Index Fund?



Notes: Data for the expense ratio and investor savings chart are as of December 31, 2024, for U.S.-domiciled funds, based on annual report net expense ratios. In this hypothetical example, data assume that index investors would have invested in active funds had index funds not existed. Data reflect the difference between the cumulative expense ratio fees paid by investors owning open-end funds and what they would have paid if index funds didn't exist. Investor savings in the cumulative fee savings chart are calculated as: (asset-weighted expense ratio of actively managed funds multiplied by industry assets) minus (asset-weighted expense ratio of index funds multiplied by industry assets). The growth of $10,000 chart shows the hypothetical cumulative wealth of an initial $10,000 investment in Vanguard 500 Index Fund Investor Shares from December 1976 through September 2025. Returns are calculated from monthly fund total returns, net of fees. Please see one-, five-, and ten-year performance data for Vanguard 500 Index Fund on the following page.

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 lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com/performance.

Sources: Vanguard calculations, using data from Morningstar, Inc.



Popularity built on 5 key benefits

Consistent relative returns	Index funds deliver consistent performance by mirroring their benchmark, not by trying to beat it. That reliability gives investors a powerful foundation for long-term stability and disciplined asset allocation.
Built-in diversification	Index funds can spread investment risk across securities and sometimes across sectors—minimizing volatility from any single stock or industry. They offer smart, scalable risk mitigation.
Lower cost	With minimal overhead and trading, index funds cost less to manage, letting you keep more of your returns. Even a fraction of a percentage point on a fund's overall expenses add up over time, so keeping costs low is key for growing your investments.
Tax efficiency	Less trading means fewer taxable events. For investors in taxable accounts, indexing can help preserve gains and minimize erosion from capital gains taxes. It's a way of controlling costs that you can't always see—namely, taxes.
Clear objectives	Index funds are easy to understand, with a simple structure. They are precisely designed to track the performance of a specific index. You know exactly what you're investing in.

Vanguard 500 Index Fund Investor Shares
Quarter-end total returns

	1-year	5-year	10-year	Expense ratio
Vanguard 500 Index Fund (VFINX)	17.43	16.31	15.14	0.14%
S&P 500 Index (benchmark)	17.60	16.47	15.30	

Source: Vanguard, as of September 30, 2025.

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 lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at www.vanguard.com/performance. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Connect with Vanguard®

vanguard.com

For more information about Vanguard funds, visit vanguard.com to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

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

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.

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

Vanguard®

SCPMBENE 122025