

# Cost Basis Method Election Form

To choose a cost basis accounting method for your Vanguard account(s)

## What is cost basis?

Cost basis is generally the price you pay for your shares, including reinvested dividends and capital gains, as well as adjustments for transaction fees. It's an important calculation that's used to determine gains and losses on any shares you sell in a taxable (nonretirement) account.

If you hold mutual fund shares or certain brokerage securities, you can choose a preferred accounting method to determine your cost basis.

## When to use this form

**Use this form** to choose a cost basis accounting method for existing Vanguard accounts, or for specific funds or securities within existing accounts. Your choice(s) won't apply to future accounts or to subsequent purchases or acquisitions of new funds or securities within your existing account(s).

When you open a new account, or add a new fund or security to an existing account, you will need to either select a method on [vanguard.com](http://vanguard.com) or complete another Cost Basis Method Election Form.

**Don't use this form** for retirement accounts or accounts that are exempt from Form 1099-B reporting, such as money market funds. The IRS doesn't require these types of accounts to have an assigned cost basis method.

**Note:** As a service to our clients, Vanguard uses the **average cost** method to calculate the cost basis on IRAs and select accounts that are exempt from Form 1099-B reporting and which were opened July 11, 2011, and after.

## Vanguard's available cost basis methods

**Minimum Tax (MinTax)**—is a form of "specific identification" that automatically selects the lots of securities you trade in an attempt to minimize tax impact and lower your tax burden for the current year. This method prioritizes short-term losses over long-term losses and then long-term gains over short-term gains.

It's important to note that the MinTax cost basis method may not minimize the tax impact of a transaction in every case, and that the method's effectiveness at minimizing your taxes will vary depending on your individual circumstances.

**Specific identification (SpecID)**—With this method, you choose the shares (or lots) to sell to determine your specific capital gain or loss.

**Highest in, first out (HIFO)**—This method is a form of specific identification which sells the shares with the highest cost basis first. *Note: For mutual fund shares purchased prior to January 1, 2012, Vanguard will be unable to accurately sell your highest costing shares, as average cost was the only calculation method we used prior to that date. For shares bought after January 1, 2012, Vanguard will be able to accurately sell the highest costing shares.*

**First in, first out (FIFO)**—This is the default method for stocks and ETFs that are structured as RICs, including Vanguard ETFs. With this method, shares with the oldest purchase date will be sold first.

**Average cost**—This is the default method for conventional mutual fund shares. This method calculates the average price for shares sold, allocating the gains and losses evenly across all your shares.

*Average cost can be applied only to mutual funds, stocks that have been designated for the Vanguard Brokerage Services® dividend reinvestment program (DRIP), and most ETFs structured as regulated investment companies (RICs). This information can be found in your company's prospectus.*

(over)

## What you need to know about choosing a cost basis method

Under new cost basis regulations, if you wish to use the average cost method for shares purchased on or after January 1, 2012, you must make this choice on [vanguard.com](https://www.vanguard.com) or by notifying Vanguard in writing (by completing this form or sending instructions) before selling your shares. This applies to:

- Mutual fund shares.
- Stocks that have been designated for the Vanguard Brokerage Services<sup>®</sup> dividend reinvestment program (DRIP).
- Most ETFs structured as regulated investment companies (RICs), including Vanguard ETFs.  
**Note:** Unit Investment Trusts (UITs), which may be a regulated investment company, generally are not eligible for average cost.

If you change your DRIP option from reinvest to cash, you won't have the option to pick average cost and your stocks will default to the FIFO method.

If you wish to change your election to or from average cost (or change from the default average cost method before or after you sell shares), you must do so on [vanguard.com](https://www.vanguard.com) or in writing (by completing this form or sending instructions).

If you sell, transfer, or dispose of any shares in an account which is using the average cost method, the new method you choose will only apply from the date the method was changed going forward.



# Cost Basis Method Election Form

**Use this form** to choose a cost basis accounting method for existing positions in your Vanguard accounts. You can also do this when you log on to your account on [vanguard.com](http://vanguard.com). Consult a tax advisor for guidance regarding your specific situation.

**Don't use this form** for retirement accounts or accounts that are exempt from Form 1099-B reporting, such as money market funds.

Print in capital letters and use black ink.

**Questions?**

Call 800-662-2739.

If you need other forms, go to [vanguard.com/serviceforms](http://vanguard.com/serviceforms).

## 1. Account owner information

Provide the full, legal name. >

Name of owner or minor <i>first, middle initial, last</i> or trust or organization		
Last four digits of Social Security number or taxpayer ID number		Zip code
Name of joint owner, custodian, trustee, or authorized representative		

If the owner is a minor, trust, or organization, provide the name of the person who will sign this authorization. >

**Note:** To list additional trustees or authorized representatives, copy this page or provide the information on a separate sheet.

## 2. Choose a cost basis accounting method for existing positions in your account(s)

Definitions for each cost basis method can be found on the instruction sheet.

**Option A. Apply the same method to all existing positions in my accounts.**

Vanguard won't apply your choice to retirement accounts or accounts that are exempt from Form 1099-B reporting.

**Method for my Vanguard or non-Vanguard mutual funds:**

Check one

- MinTax     SpecID     HIFO     FIFO     Average cost

If you've completed Option A, skip to Section 3. >

**Method for my securities (i.e. individual stocks and ETFs):**

Average cost can be applied only to stocks designated for DRIPs, or ETFs (other than certain UITs) which are structured as RICs (including Vanguard ETFs).

Check one

- MinTax     SpecID     HIFO     FIFO     Average cost

**Option B. Apply different methods to all eligible existing positions in specific accounts.**

*Average cost should only be chosen for mutual fund accounts or accounts that have stocks designated for the dividend reinvestment program (DRIP), or ETFs (other than certain UITs) which are structured as RICs (including Vanguard ETFs).*

Account number
<i>Check one method</i> <input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost
Account number
<i>Check one method</i> <input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost
Account number
<i>Check one method</i> <input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost
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Account number
<i>Check one method</i> <input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost

**If you need more space to list additional accounts, photocopy this page.**

**If you'd like to select different methods for specific funds or securities, complete Option C on the next page. If you don't wish to select a different method for specific funds or securities, skip to Section 3.**

**Option C. Apply a different method to specific funds or securities within an account.**

*Average cost should only be chosen for mutual fund accounts or accounts that have stocks designated for the dividend reinvestment program (DRIP), or ETFs (other than certain UITs) which are structured as RICs (including Vanguard ETFs).*

Account number	Fund/security name or symbol
<i>Check one method</i>	
<input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost	
Account number	Fund/security name or symbol
<i>Check one method</i>	
<input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost	
Account number	Fund/security name or symbol
<i>Check one method</i>	
<input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost	
Account number	Fund/security name or symbol
<i>Check one method</i>	
<input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost	
Account number	Fund/security name or symbol
<i>Check one method</i>	
<input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost	
Account number	Fund/security name or symbol
<i>Check one method</i>	
<input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost	
Account number	Fund/security name or symbol
<i>Check one method</i>	
<input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost	
Account number	Fund/security name or symbol
<i>Check one method</i>	
<input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost	
Account number	Fund/security name or symbol
<i>Check one method</i>	
<input type="checkbox"/> MinTax <input type="checkbox"/> SpecID <input type="checkbox"/> HIFO <input type="checkbox"/> FIFO <input type="checkbox"/> Average cost	

**If you need more space to list additional accounts, photocopy this page.** ➔

### 3. Signature of authorized owner or representative

**Note:** If there are multiple authorized account owners, only one account owner is required to sign below. However, all account owners will remain responsible for the information provided.

Signature  X	Date <i>mm/dd/yyyy</i>  M   M   -   D   D   -   Y   Y   Y   Y
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### Mailing information

**Make a copy of your completed form for your records.**

Mail your completed form and any attached information in the enclosed postage-paid envelope.

**Mail to:** > Vanguard  
P.O. Box 982901  
El Paso, TX 79998-2901

**For overnight delivery,  
mail to:** > Vanguard  
5951 Lockett Court, Suite A1  
El Paso, TX 79932-1882

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