Vanguard®

IRA Insights

Are you an IRA superstar?

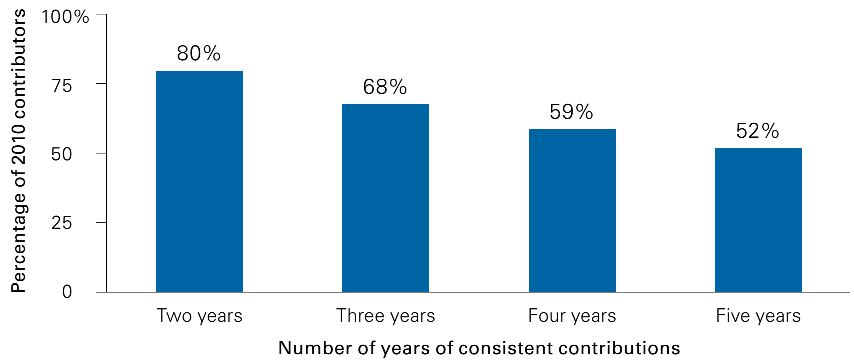
Vanguard research | March 2016

An IRA superstar never misses a chance to contribute.

Taking full advantage of an IRA means making a contribution every year without fail.

Among those who contributed to a Vanguard IRA® in the 2010 tax year, more than half went on to make five straight years of contributions through the 2014 tax year. Of course, someone might choose not to do so for many reasons, such as retirement or maintaining investments somewhere other than Vanguard.

Most 2010 Vanguard IRA investors continued to contribute over time



Note: Sample includes 525,077 mutual fund-only Vanguard IRA owners who made a 2010 IRA contribution and kept a balance through December 31, 2014.

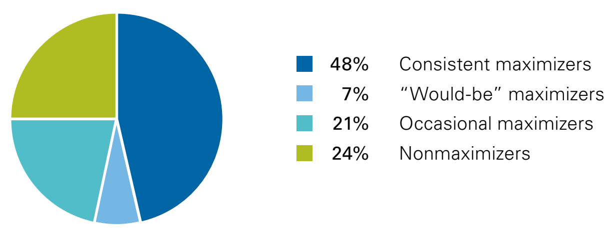
Source: Vanguard.

An IRA superstar contributes the maximum.

Making the most of your IRA means contributing not only each year, but also as much as you can.

Among those who contributed for all five years in this analysis, about half paid in the maximum amount allowed in each of those years. A small additional group was composed of "would-be" maximizers, who contributed at least the 2010 maximum of $5,000 annually but missed "catch-up" contributions or the limit increase that occurred in 2013.

Many consistent contributors never failed to contribute the maximum



Notes: "Consistent maximizers" contributed the maximum amount allowed each tax year from 2010 through 2014. "Would-be" maximizers contributed at least $5,000 in each of those years. "Occasional maximizers" contributed the maximum in at least one year but not all years. "Nonmaximizers" never made the maximum contribution. Sample includes only IRA owners who made a contribution each tax year from 2010 through 2014.

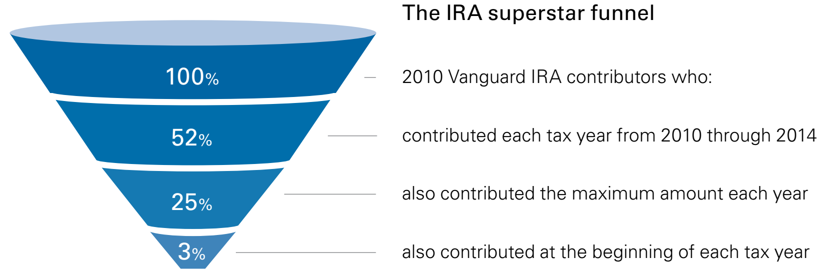
Source: Vanguard.

An IRA superstar doesn't procrastinate.

To really maximize the tax advantages of an IRA, it is best to contribute early in the year. However, many investors wait until the last minute. That means 16 months of lost returns for each contribution. Over time, these lost returns can compound and become a "procrastination penalty" of potentially thousands of dollars.

Only about one in ten consistent maximizers were also consistent "early birds."

The IRA superstar funnel



Notes: An investor is considered to have contributed at the beginning of the tax year if every contribution was made by April 30 of each tax year. For more on this topic, see the IRA Insights paper *Are Investors Subjecting Themselves to the "Procrastination Penalty"?* available at vanguard.com/us/insights/article/ira-insights-hub-042014.

Source: Vanguard.

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