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April 29, 2025

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Nebraska Joins \$106M Settlement with Vanguard

LINCOLN, Neb. – The Nebraska Department of Banking and Finance has joined a \$106 million settlement with Pennsylvania-based Vanguard Marketing Corporation and The Vanguard Group Inc.

The settlement addresses issues related to supervision failures of certain registered persons and the non-disclosure of potential tax consequences to investors following changes in investment minimums for specific target date retirement funds.

The settlement is the result of a three-year, multi-state investigation, coordinated with the North American Securities Administrators Association and the U.S. Securities Exchange Commission.

In 2020, Vanguard lowered the minimum investment for its Institutional Target Retirement Funds (TRFs) from \$100 million to \$5 million. This prompted numerous retirement plan investors to redeem their Investor TRF shares and purchase Institutional TRFs shares, triggering significant capital gains taxes for retail investors who remained in the Investor TRFs. Vanguard failed to disclose these potential capital gains and tax implications to its shareholders, according to the investigation.

NDBF Director Kelly Lammers said: "Our department is committed to protecting and maintaining the public's confidence in the financial industries doing business in Nebraska. The NDBF team is proud to participate in this settlement, which ensures that Nebraskans who were financially harmed by Vanguard's actions will be compensated."

Nebraska residents with questions regarding the settlement may call the NDBF at (402) 471-2171 or send an email via the NDBF [contact page](#) at ndbf.nebraska.gov.

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Under the direct supervision of the Governor, the Nebraska Department of Banking and Finance has a mission to protect and maintain the public's confidence through fair, efficient, and experienced supervision of the state-regulated financial services industries. Visit ndbf.nebraska.gov.