

Schwab Health Savings Brokerage Account (HSBA)



Own your tomorrow™

Fact Sheet

Schwab Health Savings Brokerage Account is a self-directed brokerage account available within your Health Savings Account. HSBA gives you greater access to thousands of additional investment choices.

Who should choose to invest through HSBA?

Schwab HSBA is for knowledgeable investors who understand the risks associated with many of the investment choices available through HSBA and who are committed to staying invested for the long-term. HSBA is designed for individuals who seek more flexibility, increased diversification and a greater role in managing their HSA investments, or for those who would like to appoint an investment advisor to manage their portfolio.

How does HSBA differ from a typical brokerage account?

HSBA is different from a typical retail brokerage account because it is part of your health savings account (HSA) through your HSA provider. Since your HSBA assets are part of a health savings account, the interest or other earnings on these assets in the account are tax free¹.

Adding or removing funds from your HSBA must be facilitated through your HSA provider. Check with your HSA provider about the ability to direct future HSA contributions into HSBA or support for in-kind investment transfers.

If you have other accounts with Schwab, such as Individual Retirement Account (IRA), you cannot transfer assets between such accounts and HSBA.

What investments are available through HSBA?

Trade listed ETFs, stocks and base options in your account commission-free across all mobile, automated phone and web trading channels. Other investment options include bonds and other fixed income investments, CDs, and money market funds.

Some investments are not allowed in an HSBA. Ineligible investments include currencies, short sales, alternative investments, commodities, precious metals, real estate, futures and forex, margin accounts, collectibles, and options (other than covered calls, protective puts and cash-secured equity puts, if permitted by your HSA program and approved by Schwab.)

Clients should refer to their HSA provider and program details to determine their eligibility and any limits or cash balance minimums that may be imposed by your provider.

Once you have met any provider eligibility requirements, you can follow these general steps:

How do I open my HSBA?

1. Initiate the Electronic Account Opening process from your HSA provider's website.
2. Follow the steps to complete and submit the online HSBA Agreement.
3. Once submitted, you will receive your new account number.
4. If you are an existing Schwab client, you will see your new HSBA upon next login. If this is your first Schwab account, you will be instructed to create your new Schwab credentials. Your HSBA is now ready to be funded, and you can begin researching investment opportunities.
5. You will receive welcome materials from Schwab in a few days.

How do I appoint an advisor to my HSBA?	You and your advisor should complete the Schwab HSBA Limited Power of Attorney (LPOA) Agreement to authorize an Investment Advisor and send the completed form to your advisor service team. Once processed, your advisor will then be able to manage your HSBA investments on your behalf.
How do I transfer money into my HSBA?	Once your Schwab HSBA is established, you fund your HSBA moving money from your HSA provider. Refer to your HSA provider for specific instructions for how to move funds to or from the Schwab HSBA.
How do I place trades and manage my HSBA?	<ul style="list-style-type: none"> • Place trades and manage your account through Schwab's electronic channels, such as Schwab.com, mobile applications, the Schwab Mobile app, thinkorswim(R) platforms, and automated phone services. • Visit the How To Center on Schwab.com for helpful videos and tutorials for investing with our tools and managing your account online. • For phone services, call 1-800-472-0084 to speak to a dedicated HSBA Registered Representative, to access TeleBroker® touch tone service, to use Schwab by Phone™ voice recognition service or to enroll in voice ID. HSBA Registered Representatives are available Monday through Friday, 8:00 a.m. to 7:30 p.m. (ET). Outside of these hours, Schwab investment professionals are available 24 hours a day, seven days a week
What does it cost?	<ul style="list-style-type: none"> • Pricing information including relevant transaction fees are outlined in the Charles Schwab Pricing Guide for Health Savings Accounts provided in the welcome materials you receive from Schwab after opening your account. • Please note that there is no charge from Schwab to open or maintain an HSBA. Refer to your HSA provider for any fees they may charge for accessing HSBA.
What information is available to help me learn about and select investments?	<ul style="list-style-type: none"> • Powerful proprietary research tools on Schwab.com, including Schwab Equity Ratings™⁶ and the Schwab Mutual Fund OneSource Select List™³. In addition, Schwab provides independent, third-party research from leading providers such as Argus Research, CFRA, Morningstar®, Reuters and MarketEdge®. • Equity, mutual fund, exchange-traded fund and fixed income screener tools to help you choose your investments. • Knowledgeable HSBA Registered Representatives who can help with investing information. • Online or in-person investing workshops led by Schwab investment professionals covering timely topics. • Over 400 Schwab branch offices nationwide to help with your other investing needs.
How do I invest the money in my HSBA?	Funds moved from your HSA into your HSBA will be automatically allocated into the cash sweep feature in your HSBA within approximately two business days. Use these funds to purchase the securities you have selected.
Can I make direct allowed, payroll contributions	Your HSA provider may automatically allocate you to direct future contributions directly into your HSBA. If will be moved directly into the cash sweep feature in your HSBA.

What cash options are available in HSBA?

Your cash balances are swept into a multiple-bank cash feature product providing up to \$500,000 FDIC insurance to your cash balance.⁶ The cash feature is not intended to be a long-term investment. If you desire to maintain cash balances for other than a short-term period and/or are seeking the highest yields currently available in the market, you can use alternative cash investment options, such as Schwab purchased money market funds and Certificates of Deposit (CDs) from Schwab CD OneSource[®]⁷. These options are available outside of the Cash Features Program to help maximize your return potential, consistent with your investment objectives and risk tolerance.

Please note: Charles Schwab & Co. Inc. is not an FDIC insured institution and deposit insurance cover the failure of an insured bank. Certain conditions must be satisfied for FDIC insurance coverage to apply. Bank Sweep deposits are held at one or more FDIC-insured Banks. Please see the HYPERLINK "<https://www.schwab.com/legal/cash-features-disclosure-statement>" Cash Features Program Disclosure Statement for a list of the banks. For CDs, please visit the HYPERLINK "<https://client.schwab.com/Areas/Trade/FixedIncomeSearch/FISearch.aspx/TradeCDs>" Schwab CD OneSource[®] page for a list of insured financial institutions that offer CDs through Schwab. **Non-deposit products, including Schwab purchased money market funds, are not insured by the FDIC; are not deposits; and may lose value.**

How do I transfer money from my HSBA back to my HSA?

If required, visit Schwab.com or call the HSBA Contact Center to liquidate securities to make cash available to move back to your HSA provider. As soon as settled cash is available in the cash sweep feature in your HSBA, you may transfer the move the funds back to your HSA. Contact your HSA provider and follow the steps to initiate any money movements in or out of HSBA.

Who provides my HSBA statements?

Schwab will send you an HSBA statement each month regardless of activity. You can access your HSBA statement, see your balance, and view all transactions made within the last two years by logging into your HSBA on Schwab.com. You can enroll in Schwab's Paperless Service and electronically receive your statements, trade confirms, and other regulatory materials via email by going to www.schwab.com/paperless.

Is there a minimum transfer required?

Your HSA may require a minimum amount for initial and subsequent transfers into your HSBA. Please contact your HSA provider for more details.

¹ HSA contributions and earnings within HSA investment accounts are exempt from federal income tax and exempt from state income tax by most states. Some states do not exempt HSA contributions and their earnings from state income tax. HSA distributions are taxable and may be subject to tax penalties if not used for eligible medical expenses.

² The standard electronic \$0 commission does not apply to large block transactions requiring special handling, restricted stock transactions, trades placed directly on a foreign exchange, transaction-fee mutual funds, futures, or fixed income investments. Options trades will be subject to the standard \$.65 per-contract fee. Service charges apply for trades placed through a broker (\$25). Industry fee, ADR, foreign transaction fees for trades placed on the US OTC market, and Stock Borrow fees still apply. See the Pricing Guide for Retirement Plan and Health Savings Accounts for full fee and commission schedules.

For participants who utilize the Health Savings Brokerage Account (HSBA), the following fees and conditions may apply: Trades in no-load mutual funds available through Mutual Funds OneSource service (including Schwab Funds) as well as certain other funds, are available without transaction fees when placed through schwab.com or our automated phone channels. Schwab reserves the right to change the funds we make available without transaction fees and to reinstate fees on any funds. Funds are also subject to management fees and expenses.

³ Charles Schwab & Co., Inc., member SIPC, receives remuneration from fund companies for record keeping, shareholder services and other administrative services for shares purchased through its Mutual Fund OneSource service. Schwab also may receive remuneration from transaction fee fund companies for certain administrative services.

⁴ Schwab Stock Slices is not intended to be investment advice or a recommendation of any stock. Investing in stocks can be volatile and involves risk including loss of principal. Investors should consider their individual circumstances prior to investing.

⁵ Schwab Equity Ratings and the general buy/hold/sell guidance are not personal recommendations for any particular investor or client and do not take into account the financial, investment or other objectives or needs of, and may not be suitable for any particular investor or client. Investors and clients should consider Schwab Equity Ratings as only a single factor in making their investment decision while taking into account the current market environment.

Funds deposited at Program Banks via the Bank Sweep for Benefit Plans feature are, subject to the satisfaction of certain conditions, eligible for FDIC insurance up to \$250,000 per Program Bank, per ownership category, and subject to the FDIC rules concerning aggregation. A list of the Program Banks can be found at www.schwab.com/legal/cash-features-disclosure-statement. You are responsible for monitoring the total amount of deposits you maintain directly with the Program Banks in an individual retirement account or self-directed employee benefit plan account. Because deposit insurance rules are complex, you may want to contact the FDIC or use the FDIC's online tool, Electronic Deposit Insurance Estimator (fdic.gov/edie), to estimate your total coverage. Certificates of Deposit available through Schwab CD OneSource typically offer a fixed rate of return, although some offer variable rates. For variable rate CDs, the rate may change after the CD is purchased. The minimum quantity is generally \$1,000 face amount but may vary by offering. Terms range from one month to 20 years. Costs could reduce the earnings on the accounts. Interest cannot remain on deposit and that payout of interest is mandatory.

Schwab Health Savings Brokerage Account (HSBA) is offered through Charles Schwab & Co., Inc. ("Schwab"), Member SIPC, a registered broker-dealer offering investment services and products.