

Relationship Summary: Broker-Dealer

What you should consider when choosing a brokerage relationship at Schwab.

Charles Schwab & Co., Inc. (Schwab) is a broker-dealer registered with the Securities and Exchange Commission (SEC). The summary below highlights the nature of the brokerage relationship with our clients. Schwab is also an investment adviser registered with the SEC. Our brokerage and investment advisory services and fees differ, and we believe it is important for you to understand those differences. To compare, see a summary of Schwab's investment advisory relationships at www.schwab.com/relationship-summary-ia. For more general information about different financial professionals and investing, including free and simple tools to research firms and their representatives, visit the SEC's website at www.investor.gov/CRS.

We hope you will take the time to read this information and ask questions. We welcome them.



What investment services and advice can you provide me?

We offer a wide range of investment products with no account minimums for most domestic accounts. Our offerings include both affiliated products that are managed by Schwab and unaffiliated investment products that are managed by independent third parties.



- ✓ We offer investment and account recommendations if you would like advice.
- ✓ We will give you advice that is a one-on-one recommendation and specific to you and your situation at that time. As such, a recommendation only applies at the point in time when we provide it to you.
- ✓ The decision to invest will always be yours—we will not place any trades on your behalf without your direction. We do not manage or monitor your brokerage accounts.
- ✓ We also provide Schwab research and other market data, but this type of information will never be a recommendation for you specifically.

For more information about our services, go to www.schwab.com/transparency and read our **Best Interest Disclosure**.

Questions to Ask

- Given my financial situation, should I choose an investment advisory service?
- Should I choose a brokerage service?
- Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications?
- What do these qualifications mean?

What fees will I pay?

If you place a trade, you will pay a commission or transaction fee in some cases. There can also be expenses built into the trade price or the investment itself.

- ✓ The fee you pay is the same whether we recommend an investment to you or not. We earn money from third parties or affiliates on certain products, so we have an incentive to encourage investment in those products.
- ✓ You may also pay account- or transaction-related fees.
- ✓ *You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.*



To see more information about our fees, go to www.schwab.com/transparency and read our **Best Interest Disclosure** or go to www.schwab.com/pricing-guide.

Questions to Ask

- Help me understand how these fees and costs might affect my investments.
- If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when providing recommendations? How else does your firm make money, and what conflicts of interest do you have?

All recommendations for your brokerage account will be made in a broker-dealer capacity unless otherwise expressly stated at the time of the recommendation. *When we provide you with a recommendation*, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

You should understand and ask us about these conflicts because they can affect the recommendations we provide you. Here are some examples to help you understand what this means. We and our affiliates earn money from:

- ✓ Shareholder service fees paid to us by third-party fund providers and management fees paid to our affiliate adviser by affiliated mutual funds and ETFs, shares of which are held in your accounts.
- ✓ The “spread” on cash in your accounts—i.e., the difference between what we earn and what we pay you in interest.
- ✓ Dealer concessions or transaction fees when trading as principal in your accounts.
- ✓ Insurance companies when you purchase an annuity or other insurance products.

For more information about our conflicts, go to www.schwab.com/transparency and read our Best Interest Disclosure.

Question to Ask

- How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?



Our representatives receive cash payments based on the amount of assets you have with us and the time, complexity, and expertise required to help you with any of our services; specifically, they receive compensation to navigate you to our investment advisory services and service your accounts once enrolled in such services. They do earn more for recommending certain services over others, but what they earn is not directly based on the revenue the firm earns.

For more information on how we pay our representatives, go to www.schwab.com/representative-compensation.

Do you or your financial professionals have legal or disciplinary history?

Yes.

For free and simple tools to research our firm and representatives, visit www.investor.gov/CRS.

Questions to Ask

- As a financial professional, do you have any disciplinary history?
- For what type of conduct?



Where can I find additional information?

For additional information about our investment advisory or brokerage services, go to www.schwab.com/transparency. To request a copy of this relationship summary, call 800-435-4000.

Questions to Ask

- Who is my primary contact person?
- Is he or she a representative of an investment adviser or a broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?