

# Schwab SIMPLE IRA plan for employees

By opening a Schwab SIMPLE IRA, you can save for retirement, reduce your taxes, and benefit from your employer's contributions to your account.

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## Benefits

**Convenient retirement savings**—Build your retirement savings with pre-tax contributions that are deducted directly from your paycheck once you enroll.

**Great value**—Keep your costs low and maximize your investment returns with no account opening or maintenance fees (other account fees, fund expenses, and brokerage commissions may apply)<sup>1</sup> and a wide choice of no-load, no-transaction-fee mutual funds.<sup>2</sup>

**Tax advantages**—Since your contributions are deducted from your salary before federal income taxes are assessed, your taxable income is lowered, as is the amount you'll pay in federal taxes.

**High contribution limits**—You can contribute up to 100% of your compensation or a maximum of \$13,000 for tax year 2019 and \$13,500 for tax year 2020; if you are age 50 or over, you may contribute up to \$16,000 for tax year 2019 and \$16,500 for tax year 2020.

**Employer contributions**—Your employer adds to your retirement savings by making contributions to your account.

**100% immediate vesting**—All contributions made into your SIMPLE IRA, including those from your employer, vest immediately.

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## Features

**Portfolio solutions**—Get invested quickly in a professionally managed, broadly diversified portfolio with the help of our simple, one-step portfolios. Choose from:

- **Schwab Target Funds** are designed to help keep your retirement investments properly allocated over your lifetime. The funds are built with the expectation that you will start gradual withdrawals of fund assets on the target date, to begin covering expenses in retirement. Select the fund that is closest to your planned retirement date and ensure the asset allocation best matches your risk tolerance, personal circumstances, and complete financial situation.

**Target date funds are built for investors who expect to start gradual withdrawals of fund assets on the target date, to begin covering expenses in retirement. The principal value of the funds is not guaranteed at any time, and will continue to fluctuate up to and after the target date. The target date in the name of the fund is the approximate date when an investor plans to start withdrawing money. There is no guarantee the funds will provide adequate income at or through retirement. The funds' asset allocations are subject to change over time in accordance with the prospectuses.**

- **Schwab MarketTrack Portfolios**<sup>®</sup> are designed to give your portfolio a well-diversified base. Choose from four unique index fund portfolios, each with a different mix of investments to match your risk tolerance and goals, in one cost-effective mutual fund.

## Features (continued)

**Investment choice**—Select from a wide range of investments, including:

- **Mutual funds**—Pick from thousands of mutual funds with no loads and no transaction fees, and take advantage of our online screening tools and carefully screened lists of funds.<sup>2</sup>
- **Stocks**—Along with our commitment to fast trades and dependable execution, you can rely on Schwab's winning combination of service, insight, and value.
- **Fixed income**—Access thousands of fixed income securities; explore municipal, corporate, and government agency bonds, bond funds, and other fixed income securities.

**Online account access**—Check balances, monitor positions and performance, place trade orders,<sup>3</sup> make transfers and payments, and download forms anytime on Schwab.com.

**Planning tools, resources, and support**—Take advantage of many useful tools on Schwab.com, including Schwab's Retirement Assessment Tool, investment screeners, and research.

## SIMPLE IRA Plan

Plan Participation	
Eligibility	In most cases, you are eligible to participate in your employer's SIMPLE IRA if you received at least \$5,000 in compensation from your company during any two prior years and you reasonably expect to receive at least \$5,000 in the current year. Ask your Plan Administrator for specific details.
Tax Advantages	
Tax-advantaged growth potential	Contributions to your account can grow tax-deferred, and you pay no taxes on what your investments earn until withdrawal.
Contributions	
Salary deferral limits	You can contribute up to 100% of your compensation or a maximum of \$13,000 for tax year 2019 and up to \$13,500 for tax year 2020. If you are age 50 or over, you may contribute up to \$16,000 for tax year 2019 and \$16,500 for tax year 2020.
Funding your account	You can decide whether or not to participate and how much you want to contribute. You can stop your salary deferrals at any time, as long as you give your employer advance notice.
Withdrawals	
Tax consequences/penalties	Any earnings and contributions are taxed at the time of withdrawal. Penalties will be assessed for withdrawals before age 59½.  If the withdrawal occurs within the first two years of participation in the Schwab SIMPLE IRA plan, the 10% penalty is increased to 25%.
Exceptions to penalty	Some exceptions are made if funds are used for a first-time home purchase, education, or certain medical expenses. Other exceptions may also apply.
Distribution requirements	You must start taking the Required Minimum Distribution (RMD) withdrawals upon reaching age 70½.

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## Next Steps

To apply for a Schwab SIMPLE IRA, fill out, sign, and return the appropriate forms (the Schwab IRA Account Application and Elective Deferral Agreement) to your employer. Be sure to make copies for your records. For questions or help completing these forms, please see your Plan Administrator.

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## How to Contact Us

[Call](#) 1-800-435-4000.

[Visit](#) a Schwab branch near you.

[Go to](#) Schwab.com.

Brokerage Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

Investors should carefully consider information contained in the prospectuses, including investment objectives, risks, charges, and expenses. You can request a prospectus by calling Schwab at 1-800-435-4000. Please read the prospectus carefully before investing. Investment value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost.

Schwab Target Funds are one of many choices available for investing your retirement plan contribution. Investors should consider risk tolerance and personal financial conditions along with age and retirement date before investing in the Target Funds. You can learn more about Schwab Target Funds and other investment opportunities at [schwab.com/target](http://schwab.com/target) or by contacting your Schwab representative.

<sup>1</sup>Please refer to the *Charles Schwab Pricing Guide for Individual Investors* (the "Guide") and any amendments to the Guide for comprehensive details on fees.

<sup>2</sup>Trades in no-load mutual funds available through the Mutual Fund OneSource<sup>®</sup> service (including Schwab Funds<sup>®</sup>), as well as certain other funds, are available without transaction fees when placed through Schwab.com or our automated phone channels. For each of these trade orders placed through a broker, a \$25 service charge applies. Schwab reserves the right to change the funds we make available without transaction fees and to reinstate fees on any funds. Schwab's short-term redemption fee of \$49.95 will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource service (and certain other funds with no transaction fee) and held for 90 days or less. Schwab reserves the right to exempt certain funds from this fee, including Schwab Funds, which may charge a separate redemption fee, and funds that accommodate short-term trading. Funds are also subject to management fees and expenses. Charles Schwab & Co., Inc. receives remuneration from fund companies in the Mutual Fund OneSource program for recordkeeping and shareholder services, and other administrative services. Schwab also may receive remuneration from transaction fee fund companies for certain administrative services.

<sup>3</sup>System availability and response times are subject to market conditions and connection limitations. Trades received outside normal market hours will be entered the next business day. Requires a wireless signal or mobile connection.

This information is not intended to be a substitute for specific individualized tax or legal advice, and you should consult with a qualified legal or tax advisor for further assistance.

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