Schwab Retirement Plan
Brokerage Account Documents

Information about your:

- Schwab Retirement Plan Brokerage Account Agreement
- Charles Schwab & Co., Inc. Individual Retirement Plan
- Charles Schwab & Co., Inc. SIMPLE Individual Retirement Account

The most recent account agreement information is available at www.schwab.com/accountagreements.
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- Charles Schwab & Co., Inc. Individual Retirement Plan . . . . Section 2
- Charles Schwab & Co., Inc. SIMPLE Individual Retirement Account . . . . . . . . . . . . . . Section 3
July 2020
Please read this important information carefully.

Schwab Retirement Plan Brokerage Account Agreement

Information about your:

· Retirement Plan Brokerage Account Agreement (QRP/Keogh, SEP-IRA, SIMPLE IRA)

The most recent account agreement information is available at www.schwab.com/accountagreements.
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Introduction
This Agreement contains important terms and conditions that apply to Schwab Retirement Plan Brokerage Accounts and services for the following Retirement Plan Brokerage Accounts: the SEP-IRA, SIMPLE IRA, and Qualified Retirement Plan (QRP)/Keogh brokerage accounts (referred to as Retirement Plan Brokerage Accounts in this document). Any language in this Account Agreement or related agreements that may conflict or be inconsistent with the Charles Schwab & Co., Inc. Individual Retirement Plan, including without limitation Sections 5.2 or 5.8 of that Plan, Schwab SEP-IRA Basic Plan Document, Schwab SIMPLE IRA Basic Plan Document, Charles Schwab & Co., Inc. SIMPLE Individual Retirement Account Custodial Account Agreement, any other retirement Plan to which this Agreement applies or Sections 401, 408 or 4975 of the Internal Revenue Code, and the regulations thereunder, shall be interpreted to be consistent and in compliance with the applicable Plan and those Sections of the Code and regulations thereunder. To the extent it is not possible to interpret such language to be consistent and compliant with the applicable Plan or those Code provisions and regulations, such language shall be of no force or effect to the extent of such inconsistency or noncompliance. This Section shall be effective retroactive to the first date on which the agreement concerning the Schwab IRA was entered into by the Account Holder. Please read this Agreement carefully and retain it for future reference.

Definitions
As used in the Schwab Retirement Plan Brokerage Account Agreement, these terms are defined as follows:

- **Account**—Account means the brokerage Account established under your Account Application and Account Agreement.
- **Account Agreement**—The agreement you make with us when you open a Schwab Retirement Plan Brokerage Account, consisting of the Account Application and Account Agreement, that relates to the specific Retirement Plan Brokerage Account you are opening; and any other written agreements between you and us concerning the Schwab Retirement Plan Brokerage Account, all as amended from time to time.
- **Account Application**—The application you submit to open a Retirement Plan Brokerage Account.
- **Accounts of Your Household**—Accounts of Your Household are accounts that have been linked in accordance with Schwab’s householding guidelines. Schwab makes a reasonable effort to automatically link qualified accounts of persons with the same last name at the same home address, including accounts held at certain Schwab affiliates. You are responsible for identifying accounts that should be linked for purposes of determining Accounts of Your Household and Household Calculations.

Schwab aggregates the balances and activities of Accounts of Your Household to determine for brokerage accounts: commission rates, whether those accounts may qualify for certain fee waivers, and whether those accounts may qualify for certain benefits or features (“Household Calculations”).

Schwab may consider other accounts to be in your household upon your request if account holders are in the same family, there is a dependent relationship, or in certain other similar instances at Schwab’s discretion. For example, if you or other members of your family who reside at your home address have a different last name (including a spouse, if applicable), you need to contact Schwab to request that we combine your accounts for purposes of Household Calculations. If an account is added to the Accounts of Your Household, any impact on Household Calculations may not take effect until the following quarter.

- **Bank Sweep Feature**—The Cash feature through which Schwab sweeps the Free Credit Balance in your account to deposit accounts at one or more banks affiliated with Schwab. The Bank Sweep feature includes both the Bank Sweep and Bank Sweep for Benefit Plans.
- **Brokerage Account**—The cash account opened in your name.
- **Business Day**—Business Day is any day that the New York Stock Exchange and the Federal Reserve Bank of New York are open. (Although our offices may be open on certain bank holidays, these days are not considered Business Days for purposes relating to the transfer of funds.)
- **Cash account**—The basic Retirement Plan Brokerage Account we offer.
- **Cash Features**—Subject to eligibility requirements, the options that we offer to you for your uninvested cash: the Schwab One® Interest feature, the Bank Sweep feature, and the Money Fund Sweep feature.
- **Day Trading**—Regular transmission of intraday orders to effect both purchase and sale transactions in the same security or securities.
- **Debit balance**—An account balance representing money owed us.
- **Electronic fund transfer**—Any transfer of funds initiated or authorized by you through an electronic payment system such as Automated Clearing House (ACH) Network.
- **FDIC**—The Federal Deposit Insurance Corporation.
- **Free Credit Balance**—Defined for purposes of this Agreement as the uninvested cash in your Account, minus the following: (i) funds necessary to pay for purchase transactions due to settle within the two Business Days after funds are eligible to be swept to a Cash Feature; and (ii) charges to your Account. Proceeds from the sale of securities will not become a Free Credit Balance until the Business Day following settlement date. Credits that result from dividends or interest payments, deposits, wired funds, reorganization activities or other non-trade-related transactions will not become a Free Credit Balance until the next Business Day. In determining whether to sweep funds through the Bank Sweep feature or Money Fund Sweep feature, we may, but are not obligated to, offset credits and debits against each other.
- **Good delivery**—The delivery to us of freely transferable securities (that is, properly registered, endorsed, and fully negotiable stock certificates).
- **Household Balance**—Household Balance means the total combined value, over a given period of time, in the Accounts of Your Household, including margin balances and other outstanding debit balances like mortgage, Home Equity Line of Credit (HELOC) and credit card balances. For the purpose of determining commission rates and fee waivers, Schwab adds up your daily Household Balances and then divides the total amount by the number of days in the applicable period.
- **Household Calculations**—Schwab’s calculation of fees, fee waivers, and other benefits and features that apply to the Accounts of Your Household.
- **IRA, IRA account, and/or Schwab IRA**—The brokerage Account established for your SEP or SIMPLE IRA.
- **Long sale**—The sale of a security that you own.
- **Money Fund Sweep feature**—The Cash Feature that sweeps the Free Credit Balance in your Account into a Schwab® Sweep Money Fund.
- **Other property**—Money, instruments (including certificates of deposit and other financial instruments), and any other property or rights.
- **Plan**—Charles Schwab & Co., Inc. Individual Retirement Plan.
- **Schwab Sweep Money Fund™**—Each of the Schwab money market funds offered as part of the Money Fund Sweep feature.
- **Securities**—Securities of any kind and nature, including those you may deposit or redeposit with us for any reason (including safekeeping), as well as uncertificated securities, such as money market fund shares.
- **Sweep**—The automatic investment of a Free Credit Balance by Schwab into a Cash Feature other than the Schwab One® Interest feature.
- **Sweep Bank**—An FDIC-insured depository institution that may be, but is not required to be, affiliated with The Charles Schwab Corporation, at which interest-bearing Deposit Accounts are maintained on your behalf.
- **To close any or all transactions**—To complete or liquidate any or all unsettled transactions; to cancel open orders; to sell any or all long
securities and other property, including options; to buy any or all securities and other property that are short in the Retirement Plan Brokerage Account or required for delivery against any sale order or other obligation; and to purchase option contracts to close any outstanding short option positions.

- **Unrelated Trade or Business Taxable Income (UBTI)**—The taxable portion of the gross income derived from any trade or business that is regularly carried on and not substantially related to the organization’s exempt purpose or function. UBTI includes income from leveraged real estate investments, as well as income from active businesses.

- **We/us/our/Schwab**—Charles Schwab & Co., Inc.

- **You**—All persons who have signed the Schwab Application, their agents, and, in certain circumstances, any other persons who have or claim to have a legal or beneficial interest in the Retirement Plan Brokerage Account.

**Cash Account**

1. **Provision of Services**

To open a Retirement Plan Brokerage Account, you complete the appropriate application. When we approve your application, we will open a cash account for you and act as your broker to purchase and sell securities for your Account based on your instructions. Unless we otherwise agree with you in writing, Schwab does not monitor your account(s) or investments and has no obligation to update an investment recommendation, financial advice, or financial plan we may give you. Such recommendation, financial advice, or financial plan only applies at the point in time we provide it to you. When transferring assets from another firm, please be advised that we will not accept or honor any oral or written instructions from you to purchase or sell securities prior to our actual receipt of your assets and the completion of the transfer process. You may initiate orders relating to the transferred cash and/or securities only after the transfer process has been completed and the assets have been received by Schwab. With our approval, you may elect to trade covered options in your cash account.

2. **SIPC Protection**

The Securities Investor Protection Corporation (SIPC) provides up to $500,000 of protection in Accounts you hold in a separate Account capacity (for instance, as custodian, joint tenant or sole owner), with a limit of $250,000 for claims in cash balances. For further details, please see www.sipc.org. This protection does not cover fluctuation in the market value of your securities. Account protection is not provided for the accounts of banks or broker-dealers maintained for their own account.

To obtain information about SIPC, including an explanatory SIPC brochure, please contact SIPC at www.sipc.org or 1-202-371-8300.

3. **Services and Fees**

**Enrollment in a Service**

Schwab offers a number of account types, service features and benefit packages, each of which is referred to as a “Service” for purposes of your Account Agreement. Each Service can have unique fees and additional terms and conditions. By enrolling in a Service or otherwise using a Service and not discontinuing your enrollment in that Service, you agree to abide by the terms and conditions or supplemental agreement (“Terms of Service”) applicable to such Service, in addition to this Account Agreement.

**Householding Guidelines**

Unless you notify Schwab otherwise, Schwab will make a reasonable effort to link qualified accounts of persons with the same last name at the same home address. Schwab may link other accounts upon your request if account holders are in the same family, there is a dependent relationship, or in certain other similar instances at Schwab’s discretion. Certain accounts may not be eligible for linking. The assets of linked accounts are not commingled, and all clients linking accounts retain control over, and responsibility for, their individual accounts.

Schwab is not responsible for identifying accounts that are eligible to be linked for purposes of determining the Accounts of Your Household. It is the obligation of fiduciaries to notify Schwab of accounts that should not be linked. You agree to contact Schwab if you are acting in a fiduciary capacity and want your fiduciary account aggregated as part of the Household Calculation or excluded from the Household Calculation. You may contact Schwab or your independent investment advisor (“advisor”) for more information or to give Schwab instructions with respect to linking eligible accounts.

Certain fees and other items relating to your account are calculated by considering (i.e., aggregating) activities and balances in the Accounts of Your Household. You acknowledge and agree that it is your responsibility to review the applicable Pricing Guide or fee schedule, your account statements, and to consult with other members of your household who may have accounts with Schwab to determine whether Schwab should update or change its Household Calculations. While Schwab will make a good faith effort to identify and consider on its own the Accounts of Your Household in order to calculate any potentially applicable fee waivers, you acknowledge and agree that Schwab is not responsible for any claimed error in making Household Calculations if you fail to contact Schwab with concerns or questions about how Schwab is making Household Calculations. If there are other holders of Accounts of Your Household, you understand and acknowledge that Schwab may use general information about your Household Balance and activities to provide or explain Household Calculations or Services available to you and those other holders of Accounts of Your Household. If you do not want your account data included with data from other Accounts of Your Household for such purposes, you agree to contact Schwab.

**Fees and Incorporation of the Pricing Guides**

Fees for particular Services and Accounts are generally set forth in a Pricing Guide or fee schedule, such as the Charles Schwab Pricing Guide or other Pricing Guide Schwab may provide as applicable to your account collectively, the “Pricing Guides,” and individually, a “Pricing Guide”). The Pricing Guides are companions to this Account Agreement and are incorporated as part of this Account Agreement.

You agree to pay the Service fees as well as other fees that apply based on your transactions, activities, and requests, as set forth in the Pricing Guide applicable to your account or as Schwab otherwise informs you. These other fees can include, but are not limited to, the following:

- Commissions, transactions (including mutual funds), and order handling fees;
- Account service fees;
- Cashiering services;
- Custody of certain assets;
- Reports relating to your account requested by you or that are required by law;
- Fees associated with transactions in Schwab proprietary non-sweep money funds;
- Termination and transfer fees; and
- Charges for failing to maintain minimum balance requirements.

Some Services can have a special fee schedule that is not included in the applicable Pricing Guide. If so, Terms of Service that you receive at the time you receive or enroll in the Service will include that additional pricing information. You agree to review the Terms of Service and not to use or not to continue use of the Service if you do not agree to pay the applicable fees.

You agree to pay all applicable fees, as well as any applicable federal, state and local taxes. Schwab’s failure to deduct fees from your Account at the time you incur those fees does not waive Schwab’s right to deduct those fees from your Account at a later time.

Schwab can modify a Pricing Guide or fee schedule applicable to a Service at any time. Schwab will provide notice to you of any change in fee or new fee applicable to you in accordance with applicable laws and
You are responsible for all debits, costs, commissions, and losses arising from any actions we must take to liquidate or close transactions in your Retirement Plan Brokerage Account, or from your failure to make timely good delivery of securities. If you know or suspect that you have received an overpayment of funds or securities, or if you know or suspect that Schwab has not yet collected from your Account a fee you have incurred, you agree to notify Schwab, in writing, as soon as you learn of the overpayment or uncollected fee. You further agree not to remove the overpayment of funds or securities or the uncollected fee from the Account, or to return the entire overpayment or uncollected fee to Schwab if it has already been removed from your Account. You agree that you are required to return the full amount of the overpayment or uncollected fee to Schwab, notwithstanding any oral representations made by any Schwab representative to the contrary. If you fail to do so, you will become liable to Schwab not only for the amount of the overpayment or uncollected fee, but also for the interest and expenses associated with its recovery.

Whenever it is necessary for our protection to satisfy a debit in your Account or obligation owed us with respect to your Account (including the payment of any fees and expenses relating to your Account that are assessed from your Account), you authorize and direct Schwab to sell, assign and deliver all or any part of the property in your Account or close any or all transactions in your Account or restrict activity in your Account as may be necessary from time to time to satisfy any such debit or obligation. You further authorize and direct us to choose which property to buy or sell, which transactions to close and the sequence and timing of liquidation. We may take such actions on whatever exchange or market and in whatever manner (including public auction or private sale) that we choose in the exercise of our business judgment pursuant to this direction. You agree not to hold us liable for the choice of which property to buy or sell or of which transactions to close or for timing or manner of liquidation or any tax consequences from such actions pursuant to this direction. This serves as your direction and authorization to us, without any additional notice to you. No demand or notice shall impose on Schwab any obligation to make such demand or provide such notice to you in the future. Any such notice or demand is hereby expressly waived, and no specific demand or notice shall invalidate this waiver.

If we hold for you bonds or preferred stock in street name or bearer form that are callable in part, you agree to participate in an impartial lottery allocation system of the called securities, according to the rules of the Financial Industry Regulatory Authority.
You are responsible for payment of all fees charged to your Account from time to time. You agree that Schwab can liquidate securities held in your Account to cover such fees or other indebtedness in the event that there are no available funds in your Account. You further agree to be responsible for all costs and commissions related to such liquidations. In addition, you agree that Schwab shall be entitled to apply any dividends, capital gains payments, interest payments or other incoming funds, such as funds that would otherwise be invested through the Automatic Investment Plan or dividend reinvestment, to cover fees or other indebtedness owed to Schwab.

6. Payment of Indebtedness
You agree to make payment of any indebtedness related to your Schwab Retirement Plan Brokerage Account, including, but not limited to, any such indebtedness that results from instructions provided to Schwab by you, your agent, or any attorney-in-fact under a power of attorney or advisor authorized to make transactions in your Schwab Retirement Plan Brokerage Account. We will elect anytime, with or without notice, to make any debit balance or other obligation related to your Account immediately due and payable. We may report any past-due account to a consumer and/or securities credit reporting agency. We may also refer your Account to a collection agency.

7. Remittance
If a check or other item you remit to us is returned unpaid, we will charge a fee to your Schwab Retirement Plan Brokerage Account. We reserve the right to redeposit any checks that are returned unpaid due to insufficient funds, or for any other reason, without prior notice. For our protection, we may restrict your ability to withdraw funds represented by a check or other item or to apply these funds to settle a securities transaction. For more detailed information about our check hold policy, call us at our toll-free number.

8. Your Responsibility Concerning the Buy, Sale, Transfer or Deposit of Control, Restricted, or Unregistered Securities
Before instructing us to buy/sell/transfer/deposit securities that are: (a) "restricted securities" or securities of an issuer of which you are an "affiliate" (as those terms are defined in Rule 144/144(b)(1) under the Securities Act of 1933); (b) securities that are being bought/sold in reliance on Rule 701, Rule 144A, Regulation D, or Regulation S under said Act; or (c) securities of which you and the issuer or its underwriter have entered into an agreement restricting the transferability of such securities (penny stock/micro-cap securities that do not trade on a national securities exchange are required to go through the acceptance review process), you agree to tell us the status of your restricted/control/micro-cap securities, including any restrictions (including contractual lock-up or blackout restrictions) on your ability to buy/sell/transfer/deposit such securities, and to promptly furnish whatever information and documents we need to comply with our regulatory duties.

You acknowledge that furnishing the necessary information and documents to Schwab does not constitute an order to buy/sell your restricted/control securities, and that you must place a separate order to buy/sell by telephone or using the Electronic Services. You agree that you are responsible for all costs, including the cost to repurchase or resell stock, if you buy/sell/transfer/deposit stock that is later found to be restricted or nontransferable.

You further acknowledge that proceeds from the sale of your restricted/control securities may not be made available to you for withdrawal or trading purposes until Schwab receives what it, in its sole opinion, considers to be adequate verification that your restricted/control shares have been transferred or cleared for transfer. Because restricted/control securities transactions require special handling by both Schwab and third parties, processing your transaction may require several weeks, during which time the price of your securities may fluctuate. You agree not to hold Schwab responsible for market fluctuations that may occur to the market price or settlement of your securities while your transaction is processed. You further agree not to hold Schwab liable for delays in the buy/sell (or settlement of such buy/sell) of your restricted/control securities resulting from the failure of issuer’s counsel to issue or approve any necessary legal opinion, the failure of the transfer agent to process your shares, or any other action or failure to act of a third party. You agree not to tender restricted/control securities as collateral for an obligation you owe us, unless you first obtain our prior written approval.

9. Corporate Actions
The securities in your account may be subject to mandatory and voluntary corporate actions. A mandatory corporate action affects all holders, and no decision is required from you. A voluntary corporate action will require a decision from you on whether and how you want to participate. A voluntary corporate action may impart valuable rights to you that expire unless you take action. You agree that you are responsible for knowing the rights and terms of all securities in your account and that you are responsible for making election decisions in corporate actions.

Schwab is not obligated to notify you of any upcoming expiration or redemption dates or to take any other action on your behalf without specific instructions from you. If, however, a voluntary corporate action is about to expire, become worthless, or be redeemed for significantly less than its fair market value, and you have not provided instructions to Schwab, we may, at our discretion, take action on your behalf and your account will be credited with any proceeds. Schwab is not obligated to take any action on your behalf, and you agree that Schwab is not liable for any losses associated with the expiration of rights arising out of or relating to your failure to act or to give instructions to Schwab to act on your behalf.

When you inform Schwab of your election in a corporate action, Schwab will ensure that your account is credited with your election when the corporate action is concluded, assuming all conditions of the offer have been met and elections have been accepted by the offeror. You agree and understand that Schwab may lend, or have already lent, the security subject to the corporate action; however, this will not affect the fact that your account will be credited with your election when the corporate action has concluded.

10. Your Responsibility for Understanding Terms of Securities
Certain securities may impart valuable rights that expire unless you take some action. For example:

- Warrants and stock purchase rights typically may be exercised only on or before a specified expiration date;
- Some convertible redeemable securities will be redeemed automatically unless you exercise your conversion rights before a specified redemption date;
- Some bonds may be redeemed, at the holder’s option, only during specified periods;
- Some securities may become the subject of tender or exchange offers, which are limited in time.

You are responsible for knowing the rights and terms of your securities and for taking action to realize the value of your securities. However, if:

- Any of your securities is about to expire worthless; be redeemed, exchanged, converted, tendered, or exercised; or remain at a value significantly less than the value you would have received if you had given us specific instructions; and
- We have not received instructions from you.

We may, at our discretion, but are not obligated to, redeem, exchange, tender, convert or exercise the security for your account.

You will be charged a brokerage commission and/or fee for any such transaction.

Please note: Although we may take the actions described above, we are not obligated to do so or to notify you of impending expiration or redemption dates. You agree not to hold Schwab liable for any decrease in the value of your securities or other losses you incur as a result of the instructions you give Schwab on how to respond to a tender offer, exchange offer, or other offer or transaction, or your failure to give such instructions.
11. Accuracy of Account Information
You represent and warrant that:

- You have attained the age of majority.
- You have supplied accurate information in your Account Application.
- No one, except the account holder listed on the Account Application (and if community property is held, the account holder’s spouse), has an interest in the Schwab Retirement Plan Brokerage Account.

In addition, you agree to notify us promptly in writing of any important change in the information you supply on the Account Application. In particular, you agree to notify us if:

- You are or you become a director, 10% beneficial shareholder, policymaking officer, or otherwise an “affiliate” (as defined in Rule 144 under the Securities Act of 1933) of a publicly traded company;
- You are or you become affiliated with or employed by a securities exchange or corporation controlled by a securities exchange, or a member of a securities exchange or a securities association; or
- There are significant changes to the net worth, income level, or employment status you listed on the Account Application.

12. Termination
You may close your Schwab Retirement Plan Brokerage Account anytime by giving us notice. We may, in our sole discretion, close your Account and distribute the assets to you, or terminate any or all services rendered under the Account Agreement anytime and for any reason. Closing an account or terminating services will not affect your obligations incurred prior to closure or termination. Additionally, if Schwab requests and your Employer fails to provide Schwab with documentation necessary to keep your Employer’s Plan in compliance with current tax laws, your Employer’s Plan will be deemed an individually designed plan. We may, in our sole discretion, convert your Account under the Plan to one that is designed to hold assets of an individually designed plan or close your Account and distribute the assets to you.

13. Approval of Application, Credit Verification and Account Information
By submitting an Account Application, you authorize us to:

- Verify your identity, creditworthiness and other information (and your spouse’s if you live in a community-property state). To obtain verification, we may contact your employer (and your spouse’s, if applicable), obtain consumer and credit reports and make other inquiries, but we are not obligated to do so.
- Provide information about you and your Account to consumer and credit reporting agencies and collection agencies.
- Send text messages and make telephone calls, including telephone calls made using an automatic telephone dialing system and/or an artificial or prerecorded voice from Schwab relating to your Account, on any telephone number that you have provided to Schwab, either on your account application or otherwise.

You further authorize Schwab to obtain copies of your consumer and credit reports at its discretion, at any time, for reasons including, but not limited to, the following:

- To collect a debit balance in your Account;
- To investigate, detect and prevent fraud involving you or your Account;
- To help us evaluate whether to grant, extend or modify the terms and conditions of any credit you have applied for or received;
- If a deposit of funds or securities to your Account is returned.

We may deny your application to open an Account or may decline to offer you certain services available under the Account Agreement in our sole discretion for any reason.

14. Governing Law
This Agreement, and all future agreements you shall enter into with Schwab, unless otherwise indicated on such other agreement, shall be governed by the law (but not the choice of law doctrines) of the state of California. This is the case regardless of whether you reside or transact business with Schwab in California or elsewhere, except that the section entitled “Arbitration” shall be governed by the Federal Arbitration Act.

15. Account Control Certifications
You acknowledge that this Account Agreement and your Schwab Retirement Plan Brokerage Account may be subject to U.S. economic sanctions and embargo laws, including, but not limited to, the Trading with the Enemy Act, the International Emergency Act, and similar laws, violations of which may be subject to U.S. civil and criminal penalties. You specifically represent and warrant that you have not been designated by the U.S. Department of Treasury’s Office of Foreign Assets Control (OFAC) as a “specially designated national” or blocked person, that you have no reason to believe you would be considered a blocked person by OFAC, and that you are not acting as agent of any such person. You also represent and warrant that you are not employed by, acting as agent of, or partially owned or controlled by a government, a government-controlled entity, or a government corporation, except as you have indicated on your Account Application with Schwab.

16. Assignment
We may assign our rights and obligations under the Account Agreement, or may assign any loans that we have made to you (including the security interests securing such loans), to any subsidiary, affiliate or successor by merger or consolidation without notice to you, or to any other entity after 30 days’ written notice to you. If any loans we have made to you are assigned, you agree that we may comply with any entitlement orders originated by the assignee with respect to the collateral for such loans without any further consent from you. The Account Agreement is binding on your and our heirs, executors, administrators, successors, and assigns; and it will benefit your and our successors and assigns, if any.

17. Arbitration
Required Arbitration Disclosures. Regulatory authorities require that any brokerage agreement containing a predispute arbitration agreement must disclose that this agreement contains a predispute arbitration clause. This Agreement contains a predispute arbitration clause. By signing an arbitration agreement, the parties agree as follows:

- All parties to this Agreement are giving up the right to sue each other in court, including the right to a trial by jury, except as provided by the rules of the arbitration forum in which a claim is filed.
- Arbitration awards are generally final and binding; a party’s ability to have a court reverse or modify an arbitration award is very limited.
- The ability of the parties to obtain documents, witness statements and other discovery is generally more limited in arbitration than in court proceedings.
- The arbitrators do not have to explain the reason(s) for their award unless, in an eligible case, a joint request for an explained decision has been submitted by all parties to the panel at least 20 days prior to the first scheduled hearing date.
- The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

No person shall bring a putative or certified class action to arbitration, nor seek to enforce any predispute arbitration agreement against any person who has initiated in court a putative class action; or who is a member of a putative class who has not opted out of the class with respect to any claims encompassed by the putative class action until:
1. the class certification is denied;
2. the class is decertified; or
3. the customer is excluded from the class by the court.

Such forbearance to enforce an agreement to arbitrate shall not constitute a waiver of any rights under this Agreement except to the extent stated herein.

Arbitration Agreement. Any controversy or claim arising out of or relating to (i) this Agreement, any other agreement with Schwab, an instruction or authorization provided to Schwab or the breach of any such agreements, instructions, or authorizations; (ii) the Account, any other Schwab account or Services; (iii) transactions in the Account or any other Schwab account; (iv) or in any way arising from the relationship with Schwab, its parent, subsidiaries, affiliates, officers, directors, employees, agents or service providers (“Related Third Parties”), including any controversy over the arbitrability of a dispute, will be settled by arbitration.

This arbitration agreement will be binding upon and inure to the benefit of the parties hereto and their respective representatives, attorneys-in-fact, heirs, successors, assigns and any other persons having or claiming to have a legal or beneficial interest in the Account, including court-appointed trustees and receivers. This arbitration agreement will also inure to the benefit of third-party service providers that assist Schwab in providing Services (“Third-Party Service Providers”) and such Third-Party Service Providers are deemed to be third-party beneficiaries of this arbitration agreement.

The parties agree that this arbitration agreement will apply even if the application to open the Account is denied and will survive the closure of your Account and/or the termination of services rendered under this Agreement.

Such arbitration will be conducted by, and according to the securities arbitration rules and regulations then in effect, of the Financial Industry Regulatory Authority (FINRA) or any national securities exchange that provides a forum for the arbitration of disputes, provided that Schwab is a member of such national securities exchange at the time the arbitration is initiated. Any party may initiate arbitration by filing a written claim with FINRA or such eligible national securities exchange. If arbitration before FINRA or an eligible national securities exchange is unavailable or impossible for any reason, then such arbitration will be conducted by, and according to the rules and regulations then in effect of, the American Arbitration Association (AAA). If arbitration before the AAA is unavailable or impossible for any reason, the parties agree to have a court of competent jurisdiction appoint three (3) arbitrators to resolve any and all disputes or controversies between or among the parties. Each party shall bear its own initial arbitration costs, which are determined by the rules and regulations of the arbitration forum. In the event of financial hardship, the arbitration forum may waive certain costs in accordance with such rules. At the conclusion of the hearing, the arbitrators will decide how to assess the costs of the arbitration among the parties.

Any award the arbitrator makes shall be final and binding, and judgment on it may be entered in any court having jurisdiction. This arbitration agreement shall be enforced and interpreted exclusively in accordance with applicable federal laws of the United States, including the Federal Arbitration Act. Any costs, fees or taxes involved in enforcing the award shall be fully assessed against and paid by the party resisting enforcement of said award.

For FINRA arbitrations, FINRA will appoint a single public arbitrator in customer cases decided by one arbitrator. In customer cases decided by three arbitrators, investors have the option of choosing an arbitration panel with two public arbitrators and one non-public arbitrator (Majority-Public Panel Rule) or a panel of all public arbitrators (Optional All-Public Panel Rule). If the customer declines to elect a panel selection method in writing by the applicable deadline, the Majority-Public Panel Rule for selecting arbitrators will apply.

All notices from one party to the other involving arbitration shall be considered to have been fully given when so served, mailed by first-class, certified or registered mail, or otherwise given by other commercially accepted medium of written notification.

In addition to the above provisions, if a party to this Agreement is or becomes a non-U.S. resident at the time of any controversy subject to this arbitration agreement, such party acknowledges and agrees to the following additional provisions:

(1) The rules of the organization administering the arbitration specifically provide for the formal designation of the place at which the arbitration is to be held.

(2) Entering into this Agreement constitutes consent to submit to the personal jurisdiction of the courts of the state of California, U.S.A., to interpret or enforce any or all of these arbitration provisions. Judgment on any arbitration award may be entered in any court having jurisdiction, or application may be made to such court for judicial acceptance of the award and an order of enforcement, as the case may be.

(3) The exclusive language to be used by the parties and the arbitrators in the arbitration proceedings shall be English. Any party wishing an interpreter shall make all arrangements directly with the interpreter and shall assume all costs of the service.

(4) If a party is a foreign government or state, state-owned or state-operated enterprise or other instrumentality of a foreign government or state, such party waives all rights of sovereign immunity and neither the Federal Act of State doctrine nor the doctrine of sovereign immunity shall apply insofar as any enforcement in courts located in the U.S.A. is concerned.

18. Losses Due to Extraordinary Events

We are not responsible, and you agree not to hold us liable, for losses caused directly or indirectly by conditions beyond our control, including, but not limited to, war, natural disasters, government restrictions, exchange or market rulings, strikes, interruptions of communications or data processing services, news or analysts’ reports, market volatility, or disruptions in orderly trading on any exchange or market.

19. Provision of Market Data

We may convey to you by telephone, electronic, or other means last-sale transaction data, bid and asked quotations, and other information relating to securities and the securities markets (collectively referred to in this section as “market data”). We can charge a fee for providing this market data.

We obtain market data from securities exchanges and markets and from parties that transmit market data (collectively referred to in this section as “market data providers”). All market data is protected by copyright laws. We provide market data for your personal noncommercial use; you may not sell, market, or redistribute it in any way, unless you have entered into written agreements with the appropriate market data providers.

We receive market data from industry sources that are believed to be reliable. However, the accuracy, completeness, timeliness, or correct sequencing of market data cannot be guaranteed either by us or the market data providers. Neither we nor the market data providers will be liable for interruptions in the availability of market data or your access to market data.

Market data is provided “as is” and on an “as available” basis and is not a specific recommendation for you or your Account. There is no warranty of any kind, express or implied, regarding the market data. We are not responsible, and you agree not to hold us liable, for lost profits, trading losses, or other damages resulting from inaccurate, defective, or unavailable market data. In any case, our liability arising from any legal claim (whether in contract, tort, or otherwise) relating to market data will not exceed the amount you have paid for use of the services or market data. You agree that we may correct any execution reported to you that was based on inaccurate market data provided to us by an exchange or a market center.

20. Non-Publicly Traded Securities and Worthless or Non-Transferable Securities

Holding Non-Publicly Traded Securities at Schwab. We may, at our discretion, agree to accommodate requests from you to hold in your Account
certain securities, such as hedge funds, private equity funds, private placements, and other securities that do not trade on securities exchanges or over-the-counter markets (hereinafter referred to as “Non-Publicly Traded Securities”). In consideration for our accepting these Non-Publicly Traded Securities into your Account from time to time, and subject to such additional terms as may be presented to you at the time of the request, you agree that Schwab’s sole obligation with respect to such Non-Publicly Traded Securities will be to (1) obtain and maintain possession or control of such securities in a manner as required by the Securities and Exchange Commission and (2) file and provide reports and information as may be required under the Internal Revenue Code, and regulations thereunder of the Internal Revenue Service.

You acknowledge that Schwab’s obligations are limited to maintaining possession or control and may not include facilitation of transfers, sales, withdrawals, or any other activity related to the Non-Publicly Traded Securities. You further acknowledge that, unless notified in writing by confirmation or similar document, Schwab has not acted and will not act as broker or dealer in any purchase or sale of Non-Publicly Traded Securities held in your Account.

Before requesting that we hold a Non-Publicly Traded Security in your Account, you agree that you will have performed a complete review of the Non-Publicly Traded Security and taken sufficient actions to determine that the investment is appropriate for you and your own financial circumstances and that you are comfortable with the risk of loss, whether due to investment risk or the potential for fraud or misconduct. You agree that such reviews will involve the review of offering memorandum, organizational documents, and audited financial statements, and an investigation into the background and qualifications of the issuers and selling agents of each Non-Publicly Traded Security. By requesting Schwab to hold a Non-Publicly Traded Security, you represent that you have determined that such Non-Publicly Traded Security has been properly registered under federal and state law as a security or is exempt from such registration. You acknowledge that Schwab will be relying on your investigation into these matters in considering your request to hold a Non-Publicly Traded Security in your Account.

You acknowledge that any documentation regarding a Non-Publicly Traded Security submitted to Schwab will be used solely for Schwab’s internal operational purposes. Schwab will not undertake to review or assume responsibility for the terms and conditions or contents set forth in such documentation, including, but not limited to, appropriateness or suitability, restrictions of ownership, rights of transfer, financial statements, or the adequacy of disclosure or compliance with applicable laws, rules, and regulations. Any review performed by Schwab will solely be for its benefit in determining its ability to hold and service the Non-Publicly Traded Security. Any such review should never be considered a recommendation to buy, sell, or hold the security.

You acknowledge that Schwab shall have no responsibility for monitoring the Non-Publicly Traded Security to assure compliance with its terms or disclosures, for taking any actions to collect on any amount owed to you, or for otherwise enforcing your rights with respect to the Non-Publicly Traded Security held in your Account. Schwab is under no obligation to take any action should there be a default, bankruptcy, or other impairment associated with a Non-Publicly Traded Security. You agree to notify Schwab immediately if you identify any problem with any Non-Publicly Traded Security that would interfere with Schwab’s ability to hold the Non-Publicly Traded Security or obtain and report values. You agree that Schwab has no responsibility or duty to investigate, evaluate, or report to you any information that Schwab may possess or may become aware of regarding any Non-Publicly Traded Security.

You also acknowledge that when you direct Schwab to wire or transfer funds to an issuer or sponsor of a Non-Publicly Traded Security, Schwab will not have any responsibility or liability if the issuer or sponsor involved does not provide the required receipt or confirmation of the investment in a manner that would allow Schwab to hold the security in your Account.

Valuing Non-Publicly Traded Securities on Statements. You understand that because there is generally no public or secondary market for Non-Publicly Traded Securities, the values reported on your Schwab statement may not represent market values. It is unlikely that you would be able to sell your interests in the Non-Publicly Traded Securities held in your Account or realize the amounts shown on your Schwab statement upon a sale of the Non-Publicly Traded Securities held in your Account. You acknowledge that it is very likely that the “resale” value of the Non-Publicly Traded Securities may be substantially lower than what is on your Schwab statement. You understand that these values displayed on your Schwab account statements are provided for your convenience only, may have been reported as long as 18 months prior to statement preparation, and should not be relied upon as any indication of market value.

If you have instructed the issuers or sponsors of your Non-Publicly Traded Securities to report values to Schwab, you agree that Schwab may, in its sole discretion, display on your Schwab statement the most recent values provided during the prior 18 months. You agree that Schwab may rely, without question or verification, on the values provided by the issuers or sponsors of Non-Publicly Traded Securities. You represent that during the course of your evaluation of the Non-Publicly Traded Securities, you have determined such valuations will be accurate and reliable. You understand that Schwab does not verify or confirm such valuations and makes no representations that the values are reasonable, accurate, or reflect your actual holdings.

In the event third-party data sources provide valuation of your Non-Publicly Traded Security to Schwab, Schwab may display the value provided by a third party or a value derived from the third-party data on your statement. If there is a discrepancy between an issuer-provided value and a third-party value, Schwab may report the value of your Non-Publicly Traded Security as “N/A” or “Not Available.” If valuations are not received or made available to Schwab during an 18-month period, Schwab reserves the right to require you to remove the Non-Publicly Traded Security from your Schwab statement in the manner described in this Agreement.

If Schwab reports a value received from an issuer on your Schwab statement, the value may not match what is provided to you by the issuer of the Non-Publicly Traded Security due to the timing of issuer statements and Schwab’s statement production schedule. In these situations, the current valuation will be displayed on your next Schwab statement. If you notice any other discrepancy in valuations between your Schwab statement and any statement provided by the issuer of your investment, please review your statement footnotes to understand how the valuation was obtained and contact Schwab with any further questions.

Schwab may opt at any time, in its sole discretion, to remove a value for a Non-Publicly Traded Security from your statement and report a value of “N/A” or “Not Available.”

Removal of Non-Publicly Traded Securities From Your Account. Schwab may ask you to remove any Non-Publicly Traded Security from your Account at any time and for any reason. In the event that Schwab asks you to remove a Non-Publicly Traded Security from your Account, and you do not request a distribution of the Non-Publicly Traded Security from your Account, remove it from your Account, or transfer it to another custodian within sixty (60) days after Schwab provides you written notice that it will no longer hold the Non-Publicly Traded Security, you authorize and direct Schwab to transfer the Non-Publicly Traded Security directly to the Trustee or other applicable plan fiduciary for benefit of the plan. The Non-Publicly Traded Security may be distributed upon direction of the Trustee or other applicable fiduciary or agent of the plan to the participant in whose Account the Non-Publicly Traded Security is invested, or to the extent not practicable, transferred to the Trustee or other applicable fiduciary or agent of the plan, as applicable. If the Non-Publicly Traded Security is not certified, you agree that Schwab may remove the security from the Account by notifying the issuer to re-register the position in your name, or in the case of a retirement plan brokerage custodial account, in the name of the Trustee or other applicable plan fiduciary for benefit of the plan and remove...
You agree to indemnify and hold Schwab harmless for your failure to remove or transfer a Non-Publicly Traded Security after Schwab has notified you that Schwab is no longer willing to hold the security in your Account. You agree that you are also solely responsible for any tax consequences associated with the removal of the Non-Publicly Traded Security from your Account.

SIPC Coverage. The Securities Investor Protection Corporation (SIPC) does not cover many limited partnership interests. Please consult with your attorney or investment advisor with regard to your particular investment.

 Worthless and Non-Transferable Securities. Schwab reserves the right to remove from your Account any security that is deemed to have been cancelled or otherwise invalidated. In determining that a security has been cancelled or invalidated, you agree that we have derived information on such assets from you or from third parties and we are not responsible for the accuracy or reliability of any information regarding these assets. Cancelled or invalid securities may include, but are not limited to, bankruptcy or charter or registration revocation. Schwab will notify you if it has removed a cancelled or otherwise invalid security from your Account. Unless you provide Schwab with evidence of the validity of the security within sixty (60) days of the notice of removal, you agree to waive any claim to any future distribution from the security and agree to indemnify and hold Schwab harmless from any claims, liability, or damages resulting from the removal of such security. If you provide Schwab with evidence of the validity of the security from an independent third party within 60 days of receiving the notice of removal, Schwab will reinstate your position.

In addition, Schwab reserves the right to charge an additional servicing fee for securities for which Schwab cannot identify a transfer agent (a “Non-Transferable Security”). The existence of a Non-Transferable Security in your Account may be noted with a notation of “N/A” for the value of that position on your account statements.

21. Order Entry Services

From time to time, we may make available services (referred to in this section as “the services”) that allow you to place orders and obtain market data and other information via telephone, computer, or other electronic means. You agree to use the services to enter your orders if time is of the essence. You agree that, for any orders you send to us in writing, the timing of the order entry is not a priority for you and you understand that, although we will use our best efforts to enter that order in a timely manner, it may not be entered immediately at the time the written order is received. You further agree that we may determine, in our sole discretion, that a written order needs further clarification. You understand that such order may not be entered if we are unable to contact you to discuss the order. We encourage you to place all orders using the services.

You agree that you are responsible for paying for all orders. Schwab may, in its sole discretion, remove particular securities, due to volatility or other market factors, from the list of securities that can be purchased using electronic services.

The services may require you to use a number or password to access your Schwab Retirement Plan Brokerage Account. You are responsible for the confidentiality and use of your access number, password, and account number and for all securities and other transactions initiated through these means. Any orders communicated to us through these means will be considered to have been sent by you.

You also agree to notify us immediately if you:

• Become aware of any loss, theft, or unauthorized use of your access number, password, or account number or any unauthorized use of the services or the market data.

• Fail to receive a message that an order you initiated through the services has been received or executed.

• Fail to receive an accurate written confirmation of any order or its execution.

• Receive confirmation of an order that you did not place.

You agree to pay all subscription, service, and use fees, if any, that we charge for the services. We may treat these fees as a debit to your Schwab Retirement Plan Brokerage Account and deduct the amount of these fees from any credit balance in your Account. As an alternative, you authorize us to charge such fees to a credit card account number that you have provided to us for this purpose.

We will not be liable for lost profits, trading losses, or other damages resulting from the delay or loss of use of the services or from defective or unavailable market data. In any case, our liability arising from any legal claim (whether in contract, tort, or otherwise) relating to the services or market data will not exceed the amount you have paid for use of the services or market data.

22. Investment Advice

You agree and acknowledge that:

• Unless we otherwise agree with you in writing, Schwab will act only as your broker-dealer and not as an investment advisor (“Investment Advisor”); and your Account will be a brokerage account and not an investment advisory account governed by the Investment Advisers Act of 1940;

• Unless we otherwise agree with you in writing, Schwab will not provide financial planning services to you or your Account, and any collection of your financial data by Schwab, or analysis or evaluation of such data by Schwab, will be in furtherance of our broker-dealer activities such as recommending investments for your Account, and not in connection with establishing or implementing a financial plan;

• You, or you and an Investment Advisor other than Schwab, if you have one, are responsible for determining the nature, potential value of any particular investment strategy, transaction (including futures transactions) or security (including equities and options). Schwab has no responsibility for any such determination (1) unless we otherwise agree with you in writing, (2) unless required by applicable law, or (3) unless Schwab or a Schwab representative gives advice directly to you that is clearly identified as a Schwab recommendation for you to enter into a particular transaction or transactions or to buy or sell a particular security or securities;

• You agree that any such Schwab recommendation will remain in effect only for as long as we tell you that it will remain in effect at the time we make the recommendation;

• Unless we otherwise agree with you in writing, Schwab does not monitor your account(s) or investments and has no obligation to update any investment recommendation, financial advice, or financial plan we may give you. Such recommendation, financial advice, or financial plan only applies at the point in time we provide it to you;

• Unless we otherwise agree with you in writing, Schwab does not have any discretionary authority or obligation to review or make recommendations for the investment of securities or cash in your Account;

• You, or you and an Investment Advisor other than Schwab, if you have one, will rely on multiple sources of information in making investment decisions for your Account, and any information Schwab may provide will not serve as the sole basis for any investment decision you make or made on your behalf;

• You, or you and an Investment Advisor other than Schwab, if you have one, have an affirmative duty to monitor profits and losses in your Account and to modify your trading decisions accordingly;

• Schwab may make available, to you and your Account, enrollment in certain Schwab offerings which will be composed of specified investment advisory services for which you pay a quarterly asset-based fee, which will generally be charged based on the amount of certain assets in your Account, or, in the case of financial planning services, a one-time flat fee. Other fees and charges can also apply, as set forth in a separate agreement you will enter into and that will become part of this Account Agreement;

• Schwab may make available its own proprietary research, or other information, this does not constitute an individualized recommendation
that a security or transaction is appropriate for you or your Account. Additionally, while Schwab makes available research, analysis, news and other information prepared by third parties, this also does not constitute an individualized recommendation by Schwab (or any third party) or a solicitation of any offer to buy or sell securities by Schwab (or any third party). Schwab does not create or prepare any of this third-party information, and it gives no assurances as to its accuracy, quality or timeliness and does not warrant any results from use of any such information;

- Any research, analysis, news or other information made available through electronic channels (e.g., the Schwab.com website or email alerts) does not constitute an individualized recommendation to you to buy or sell a particular security;
- Schwab does not give legal advice; and
- Schwab does not give tax or estate planning advice, but we may provide you with general tax and estate planning information and principles. You agree that these principles do not apply to your specific circumstances or take into account your comprehensive tax or estate planning situation. For that type of assistance, you agree to consult your own tax or legal advisor. You agree not to hold Schwab liable for any trading losses, lost profits or other damages resulting from your use of any information Schwab may provide, whether it is prepared by Schwab or a third party.

23. Market and Limit Orders
You acknowledge a quote you obtain at or prior to the time you place a market order is not a guarantee that all or part of your order will be executed at the quoted price. You acknowledge that when you place a market order, the price of the security may change between the time the order is placed and the time it is executed and agree not to hold Schwab liable for these price fluctuations. In addition, if you place a market order when the trading exchanges or marketplaces are closed, or for a security that has not traded on the public market before, you acknowledge that the security may open for trading at a price substantially higher or lower than the previous closing price or the anticipated price. You agree to pay or receive the prevailing market price at the time your order was executed, even if the execution price is significantly higher or lower than you anticipated at the time you placed the order.

The price quotes you receive when placing an order apply only to orders for a small number of shares. You acknowledge that the price you will pay or receive may vary substantially if your order is larger than the number of shares to which a price quote applies. Large market orders may be executed in multiple lots at different prices. If you enter a large tradable order at or near the market close or at or near a trading halt, you acknowledge that Schwab may not be able to fill all or part of that order prior to the market close and you agree that Schwab is not responsible for any alleged market losses associated with that order.

You should understand that you can limit the risk of price fluctuations by placing a limit order. However, if you place a limit order, you are less likely to get an execution. Schwab can provide no assurance that your limit order will be executed at any particular time, or at all. If you do not understand the purpose or effect of either market or limit orders, you agree to call a Schwab representative to assist you.

24. No Recommendation of Day Trading
Schwab does not promote directly or indirectly what is commonly referred to as “Day Trading.” Schwab’s services that provide the means to place trades electronically should not be construed as an endorsement or promotion of Day Trading. Day Trading can be very risky and is not appropriate for customers with limited resources, limited investment or trading experience, or a low risk tolerance.

25. Good-till-Canceled Orders
Good-till-canceled (GTC) orders will be automatically canceled only at the close of business on the 60th calendar day after the date the order was entered, or on the following Business Day if the 60th day is a weekend or holiday. You acknowledge that if you do not cancel an open GTC order, the transaction may be completed based on your original business instructions anytime until the close of business on the 60th calendar day or next Business Day. For securities that pay cash dividends or that split, unless otherwise instructed, open GTC orders will be adjusted according to stock exchange regulations.

26. Order Routing and Execution
In arranging for the execution of non-directed orders for equities and listed options, Schwab seeks out industry-leading execution services and access to the best-performing markets. Schwab routes orders for execution to unaffiliated broker-dealers, who may act as market maker or manage execution of the orders in other market venues, and also routes orders directly to major exchanges. Schwab considers a number of factors in evaluating execution quality among markets and firms, including execution price and opportunities for price improvement, market depth and order size, the trading characteristics of the security, speed and accuracy of executions, the availability of efficient and reliable order-handling systems, liquidity and automatic execution guarantees, the likelihood of execution when limit orders become marketable, and service levels and the cost of executing orders at a particular market or firm. Price improvement occurs when an order is executed at a price more favorable than the displayed national best bid or offer. Schwab regularly monitors the execution quality obtained to ensure orders are routed to market venues that have provided high-quality executions over time. Schwab receives remuneration, such as liquidity or order flow rebates, from market venues to which orders are routed, and also pays fees for execution of certain orders. Quarterly information regarding the market venues to which we route orders and remuneration received is available on our website at Schwab.com or in written form upon request. Information regarding the specific routing destination and execution time of your orders for up to a six-month period is also available upon request. Schwab may execute fixed income orders for customers as agent or as principal for our own account. In the bond market, there is no centralized exchange or quotation service for most fixed income products. Prices generally reflect activity by market participants or dealers linked to various trading systems. A small number of corporate bonds are listed on national exchanges. Although Schwab seeks access to major trading systems, exchanges, and dealer markets in an effort to obtain competitive pricing, at any given time it is possible that securities could be available through other trading systems, exchanges, or dealers at superior or inferior prices compared to those available at Schwab. All prices are subject to change without prior notice.

27. Order Change or Cancellation Requests
You acknowledge that it may not be possible to cancel a market or limit order once you have placed it, and you agree to exercise caution before placing all orders. Any attempt you make to cancel an order is simply a “request to cancel.” Schwab processes your request to change or cancel an order on a best-efforts basis only and will not be liable to you if Schwab is unable to change or cancel your order. Market orders, in particular, are subject to immediate execution, and as a general rule cannot be canceled once trading begins. No change or cancellation of market orders will be accepted through the Electronic Services. Moreover, Schwab cannot guarantee that cancellation requests for any pending orders, placed shortly before trading begins, will be honored. You understand that Schwab’s ability to process cancellation requests will be impacted by market conditions and trading volumes, both of which are out of Schwab’s control. If you wish to try to change or cancel your market order, you agree to call a Schwab representative to assist you. Attempting to replace or change a market order through the Electronic Services can result in the execution of duplicate orders, which ultimately are your responsibility. If an order cannot be canceled or changed, you agree that you are bound by the results of the original order you placed.

28. Mutual Fund Fees, Orders, Distributions and Redemptions
You agree that, in purchasing and redeeming shares of a mutual fund through Schwab, Schwab’s policies and procedures will govern such transactions and not those of the mutual fund as described in its prospectus, which may be either more or less beneficial to you as an investor. In particular, you agree that Schwab’s policies and procedures on
minimum investment requirements, exchange of fund shares, dividend accrual and date for payment of accrued dividends upon redemption of a daily dividend fund may vary from those applicable to direct fund shareholders. You can also be charged a fund’s redemption fee that would not be imposed by the fund on direct shareholders holding fund shares under the same circumstances.

Schwab imposes short-term redemption fees on certain mutual fund transactions and reserves the right to restrict individuals who engage in short-term trading of mutual funds from purchasing some or all funds available through Schwab. Our short-term redemption policy, including applicable fees and other restrictions, is available at www.schwab.com and upon request. Schwab can also charge a transaction fee for certain mutual fund transactions; you would not incur this fee if you purchased shares directly from a fund company. Your purchase and sale of mutual fund shares can be subject to additional fees the fund imposes, such as sales loads and contingent redemption fees, that are separate from, and in addition to, the transaction and other fees charged to you by Schwab. You agree to pay, and are solely responsible for payment of, all fees charged to you by Schwab and/or any fund.

Schwab’s deadline for receiving customer orders to place with a mutual fund for execution at the price next calculated by the fund may be earlier than the deadline set by the fund in its prospectus. It is your responsibility to verify with us the deadline by which you must place your order with Schwab to obtain the next price calculated. We generally will attempt to have orders received by us prior to our deadline accepted by the fund for execution at the price next calculated by the fund. However, you may receive a later price than the price next calculated by the fund if, due to operational incompatibilities with the fund or other limitations, Schwab is unable to support transmission of the order to the fund prior to the next price calculated by the fund. It is your responsibility to verify with us whether your order will receive the price next calculated by the fund prior to placing your order with Schwab.

In addition, a mutual fund may decline to execute an order for the price next calculated by it if we do not place the order with the fund by a specified time. You agree that we will not be liable to you for any losses, including lost profits, if the mutual fund does not accept your order for execution at the price next calculated by the fund after our deadline for any reason, including, but not limited to, computer system delays or failures, natural catastrophes or other emergencies, or human error resulting in our late placement of the order with the fund. If a mutual fund declines to accept your order for execution at the price next calculated after our deadline because we did not place the order with the fund by a specified time, Schwab reserves the right, but is not obligated, to place your rejected order with the fund for execution at the price next calculated by the fund after its acceptance of the order.

A fund may also decline a purchase order, in its sole discretion, if the purchase order exceeds a certain size or for any other reason, and Schwab will not be liable for any losses, lost profits, or other damages that allegedly result from the fund’s rejection of that purchase order. If a fund declines your purchase order for any reason other than the time we placed the order with the fund, we will cancel the order and, if practicable, attempt to notify you; we will not make another attempt to place such a declined purchase order with the fund.

If you place an order to buy or sell a specific dollar amount of a mutual fund, Schwab will calculate the number of shares bought or sold by dividing the dollar amount of the order by the price and rounding to the nearest three decimal places. Due to rounding, the actual value of the shares bought or sold may be slightly greater or less than the actual dollar amount of your order. If you place an order to buy or sell a specific number of shares of a fund, Schwab will calculate the dollar amount of the purchase or sale by multiplying the number of shares by the price and rounding to the nearest two decimal places. Due to rounding, the actual dollar amount may be greater or less than the actual share amount of your order.

Schwab does not have any obligation to advance redemption proceeds and distributions related to mutual fund shares to your account before we have received them from the mutual fund. Schwab is not obligated to pay any interest on distributions from mutual funds or other issuers (including, but not limited to, issuers of equity securities) until such distributions are received by Schwab. If a mutual fund exercises its right to redeem your shares “in-kind” by delivering to Schwab portfolio securities in payment for your shares instead of cash, Schwab will hold these securities in your account, subject to your instructions. If, however, Schwab does not normally custody or effect transactions in a security paid to you by your mutual fund, Schwab will take such action as it deems appropriate to effect delivery of such nonstandard security to you or to an entity able to custody or effect transactions in the security. You agree to pay our commissions and transaction, processing, custody and other fees, and/or those of the entity to which your nonstandard security is delivered, as they exist from time to time and apply to the transactions and services you receive in connection with these securities paid to you by the fund.

29. Notification

We will direct written communications to the mailing address you provided on your Account Application, or as you otherwise specify. If you have opted into electronic delivery for certain Account-related materials, we will direct those communications to the email address you provided. We will presume that you are able to access the email address you provided. By providing us with your telephone number(s), you consent to receiving text messages and phone calls on those telephone number(s) made using an automatic telephone dialing system and/or an artificial or prerecorded voice from us relating to your Account. Any communication we direct to a physical address, email address, facsimile, telephone number, or otherwise is considered delivered to you personally, whether or not you actually receive it.

30. Trade Reports, Confirmations, Statements and Other Account-Related Communications

Schwab will provide you with written confirmation of trades that are executed in your account as required under SEC Rule 10(b)-10. You agree that Schwab is not legally obligated to provide you with any trade status report other than the written confirmation required by SEC rules and that any other trade status report is provided as a courtesy only. Schwab will not be liable for any losses, lost profits or other damages that allegedly result from delays in or a failure to issue a trade status report. On account statements and trade confirmations, Schwab calculates the quantity, unit price, and market price out to four decimal places if necessary. For settlement purposes, Schwab will round either up or down to the nearest penny any amounts owed to or from Schwab. You acknowledge that you are obligated to promptly review any and all trade confirmations and account statements for accuracy and completeness, and to immediately notify us of any items you believe to be in error. You agree to waive any objections to the trades, positions, funds transfers, checks, disbursements, fees and other information set forth on any confirmations and account statements unless you notify us of an unauthorized transaction or other error in writing within 10 days of mailing. You agree that we are not liable for any damages or market fluctuations resulting from an error you fail to timely report to us or from your delay in reporting an error to us.

You agree that Schwab may combine communications such as account statements, confirmations and other written communications related to account activity for your accounts in a manner that reduces the number of envelopes mailed to you. Combined communications for accounts that have more than one account holder may be addressed solely to the first-listed account holder or to the account holder who has his or her tax identification number serve as the tax-reporting identification number on the account (usually the first-listed account holder).

You agree to notify Schwab if you want any or all of your communications to be mailed separately. If you wish to combine communications for additional eligible accounts that are not automatically combined, please contact Schwab. If you have an account for which you are acting in a fiduciary capacity, it is your responsibility to consider whether it is appropriate for envelopes to be mailed to you that might contain material relating to both your personal and fiduciary capacities. You are responsible for reviewing all of your account statements, any amendments to your account agreement(s), any regulatory notices and any other information that is sent by Schwab.
31. Consent to Electronic Delivery of Records and Regulatory Information

As a condition of your eligibility to receive certain Schwab products, services or offers, or as a condition for you to set up access to your Account through the web or another Electronic Service, upon notice to you, Schwab may require that you accept delivery of trade confirmations, account statements, prospectuses, issuer information, or other documents by electronic means such as electronic mail or through one of our websites. You agree that, after such notice, your enrollment in or acceptance of such products, services or offers, or your new access to the web or Electronic Services, constitutes your consent to electronic delivery of trade confirmations, account statements, prospectuses, issuer information, or other documents.

32. Nontraded Assets

If your Schwab Retirement Plan Brokerage Account holds any assets that do not have a readily ascertainable fair market value, you agree to provide us with annual instructions, no later than January 15 each year, regarding the fair market value of these assets as of the preceding December 31, for purposes of Internal Revenue Service (IRS) reporting; and you agree to indemnify and hold us harmless from any consequences, including penalties assessed by the IRS, resulting from following your valuation instructions. If you do not provide us with valuation instructions by the due date, we may request an appraisal from a third party and charge the cost of the appraisal to your Retirement Plan Brokerage Account. We also reserve the right to request an appraisal, in form and substance satisfactory to us in our sole discretion, before complying with any direction to make a distribution of any nontraded asset from the Retirement Plan Brokerage Account.


You acknowledge that Schwab, as custodian of your Account, is required by law to file an annual federal income tax return on behalf of the Retirement Plan Brokerage Account for each year in which the Retirement Plan Brokerage Account has unrelated business income ("UBI") of more than $1,000 (provided that, in the case of a QRP or Keogh account that is maintained for the benefit of an individual participant in a Plan that has more than one participant, this filing obligation is imposed on the Plan as a whole, not the account). In cases where such a tax return must be filed, you agree to provide to Schwab (no later than April 15 of the year following the year in which the tax was incurred) the K-1 Partnership form, which sets forth the account’s share of income from the partnership. Schwab will compute the tax owing, with respect to the account, based on the K-1 forms provided to Schwab; file the annual tax return with the Internal Revenue Service; and pay the tax from funds available in the Account.

You agree that, if your Account holds assets that generate UBI, your Account at all times will contain liquid funds to pay any tax imposed on UBI at the time this tax obligation becomes due, as well as Schwab’s charges for preparing tax returns, and that if necessary to satisfy your tax obligation, as well as Schwab’s charges for preparing tax returns, you will liquidate assets or contribute sufficient funds to your Account (even if your contribution constitutes an "excess contribution"). You further agree that, to the extent funds are not available, Schwab is authorized to liquidate any investments in your Account necessary to generate the funds needed to satisfy your tax obligation, as well as Schwab’s charges for preparing tax returns.

You understand and acknowledge that, in cases where the annual federal tax due is more than $500, the IRS requires that quarterly estimated tax payments be made.

You understand and acknowledge that Schwab will make such quarterly payments on behalf of your Account only if you direct us in writing to make these payments, and if you notify us of the amount you wish us to pay each quarter.

34. Monitoring of Conversations

You, and any agent or representative acting on your behalf, agree that we may, but are not obligated to, record telephone calls or listen to conversations you have with any Schwab representative to monitor the quality of the customer service you receive and to verify securities transaction information to banks, mutual funds and other entities regarding the products or services we offer or arrange on behalf of customers, or for other business reasons. You acknowledge that we may not be able to locate a tape recording unless you can provide the date and time of the conversation and the full name of the representative to whom you spoke. You also agree that Schwab has the sole right to determine how long we will retain tape recordings.

35. Trading or Disbursement Restrictions

You agree that we may place trading, disbursement, or other restrictions on your Account as Schwab deems necessary in Schwab’s sole discretion, including, but not limited to, the following circumstances: (i) pursuant to a court order, levy, garnishment, or other legal process; (ii) at the request of a government agency, regulatory body, or law enforcement authority; (iii) in the event of a dispute regarding the assets in your Account, including a dispute between the registered or beneficial owners of the Account; (iv) in the event of a dispute between or among joint or multiple Account holders including, but not limited to, joint or multiple tenants, trustees, or authorized agents; (v) in the event of a dispute between or among beneficiaries, or a dispute regarding the proper beneficiary of your Account; (vi) pursuant to escheatment laws, rules, or regulations; or (vii) as a result of trading or trade-related violations, which may limit your ability to place trades in your Account, such as a cash-up-front restriction. You agree to abide by any such restriction and not to initiate trades or transactions which would violate the restriction. You agree we may sell securities in your Account to comply with any court order, garnishment, levy, or other legal obligation imposed by a court, government agency, regulatory body, or law enforcement authority. You agree to indemnify and hold Schwab harmless from any claims, losses, damages, or expenses (including reasonable attorneys’ fees) caused by or related to any restriction placed on your Account or any transaction placed by you which violates such restriction. You agree to provide any documentation or information requested by Schwab to have a restriction removed from your Account. You agree we can charge your Account a processing fee for processing any court order, garnishment, levy, subpoena, or other legal process Schwab receives in connection with your Account.

36. Multiple-Party Account Disputes, Beneficiary Disputes, and Other Account Disputes

In the event of a dispute or disagreement (i) between or among multiple Account holders including, but not limited to, joint or multiple tenants, trustees, or authorized agents, (ii) between or among beneficiaries, or a dispute regarding the proper beneficiary of your Account, or (iii) regarding the assets in your Account, including a dispute between the registered or beneficial owners of the Account: You agree that we may, but are not obligated to, place trading, disbursement, or other restrictions on your Account as Schwab deems necessary, until such dispute or disagreement is resolved or until Schwab can interplead the assets in your Account and/or pursue other legal process or remedies regarding your Account. You agree to abide by any such restriction and to not initiate trades or transactions which would violate any restriction on your Account.

37. Disclosure of Account Information

We may disclose your name and/or information about your Account or your transactions to our agents and affiliates. We may also disclose such information to third parties in certain circumstances, including:

- To banks, mutual funds and other entities that are involved with the products or services we offer or arrange on behalf of customers;
- When it is reasonably requested by a third party in connection with a transaction or an opportunity for you to participate in a transaction;
- To verify the existence or condition of your account for a credit bureau or merchant;
- To comply with a subpoena, court order, or request from a government agency or law enforcement authority;
38. Trusted Contact Person and Temporary Holds on Your Account

A Trusted Contact Person (“TCP”) is someone at least 18 years of age you tell us we can contact if we suspect you may be subject to financial exploitation or if we have questions about your mental or physical well-being. For example, many people in their advancing years may demonstrate declining cognitive ability. The TCP may be able to help you and Schwab in such circumstances. Designating one or more TCPs is solely your decision and is optional.

By electing a TCP, you understand that you have authorized Schwab to contact the TCP at our discretion and to disclose any information about your account to help us address the situations noted above. This includes disclosing information about your account to address possible financial exploitation, confirming the specifics of your current contact information, your mental and physical health status, or the identity of any legal guardian, executor, trustee, or holder of a power of attorney on your account(s); or as otherwise permitted by industry regulations or state law.

If the account is an incorporated organization account, each authorized agent on your account is a TCP. This means that you have authorized Schwab to contact the TCP at our discretion and to disclose any information to address possible financial exploitation, to confirm the specifics of your current contact information, health status, or the identity of any legal guardian, executor, trustee, or holder of a power of attorney, or as otherwise permitted by industry regulations or state law.

If you have an advisor on your account (independent or affiliated with Schwab), you understand that you are authorizing both Schwab and your advisor to contact the TCP and we may share TCP information with each other and may coordinate on any conversations with a TCP and on any follow-up actions. You agree that Schwab will not be responsible for, and cannot monitor, your advisor’s use of the TCP information.

Your TCP will be the same for all your accounts (except for incorporated organization accounts), so if you provide or update your TCP for one account, it will apply to all of your accounts (except for incorporated organization accounts). You may change or remove your TCP at any time by contacting Schwab by phone, in writing, or through our website in the manner we designate. If your account has multiple owners, each account holder has the option to elect their own TCP(s). In other words, if this is a joint account, your TCP will not necessarily apply to your joint account holder. A TCP is a source of information for Schwab and is not a power of attorney. A TCP is not authorized to make investment decisions or withdraw funds from your account.

You authorize us to place a temporary hold on disbursements of funds or securities from your account or, in some cases, a temporary hold on transactions if Schwab reasonably believes financial exploitation has been attempted or has occurred in your account or in other circumstances we believe are necessary for your protection. You also acknowledge that we may report any reasonable belief of financial exploitation, or in other circumstances we believe are necessary for your protection, to the applicable state securities administrator, to a state adult protective services agency, or to law enforcement agencies.

Providing Schwab with a TCP does not ensure that financial exploitation will not be attempted or occur. You agree to indemnify and hold harmless Schwab, its affiliates, and their directors, officers, employees, and agents from and against all claims, actions, costs, and liabilities, including attorney’s fees, arising out of or relating to: Schwab contacting your TCP; Schwab putting a temporary hold on disbursements of funds and/or securities from your account; and Schwab not contacting your TCP or placing temporary holds on disbursements of funds and/or securities from your account.

39. Separability

If any term of this Agreement is found to be invalid or unenforceable, all other provisions will remain in full force.

40. Cash-in-Lieu Payments

If you receive fractional shares as the result of a stock split or other corporate action, we, in our sole discretion, may either sell the shares on the open market or to the issuer or transfer agent, and you are entitled to receive your pro rata portion of the proceeds of such sale. If sold on the open market, the sale price may differ from that offered to certain registered owners by the issuer or transfer agent.

41. Interest, Dividend and Other Payments

If you are entitled to receive dividend, interest or other payments on investment instruments, we, in our sole discretion, may choose to pay such proceeds to you only upon receipt of payment by us from the issuer.

If the net amount of any dividend, interest or other payment set to be automatically disbursed to you by check is less than $100, it will remain as a credit balance in the Account and will not be automatically sent to you. Weekly disbursements less than $100 will accrue in your account until the end of the month and you will be sent a check if the combined total equals $100 or more.

42. Entire Agreement, Amendment and Waiver

The Account Agreement, as amended from time to time, is the complete statement of your agreement with us. On prior or concurrent written notice to you, we may modify or rescind existing provisions or add new provisions. By not closing or by continuing to use your Account, you confirm your agreement to abide by the Account Agreement as amended from time to time. Amendments will not affect rights or obligations either of us incur before the effective date of the amendment. No prior conduct, past practice, or oral statement by a Schwab employee or agent can amend or modify this written Agreement.

Notwithstanding the foregoing, with respect to any Account subject to the terms of this Agreement, Schwab may provide you with notice of matters impacting your Account, which notice will include your direction, instruction, and authorization with respect to the action to be taken (or not to be taken, as applicable) with respect to the particular matter related to your Account. We will give you as much advance notice of the action to be taken (or not to be taken, as applicable) as is practicable under the circumstances. You will be deemed to have directed, instructed, and authorized us to take such action (or not to take such action, as applicable) if you fail to provide us with written communication to the contrary within the time period set forth in our notice to you. Your provision of such written communication to us may result in termination of your Account, without penalty imposed by Schwab.

Waivers of rights under the Account Agreement must be expressed in writing and signed by the party waiving the rights.

A waiver will apply only to the particular circumstance from which the waiver arose and will not be considered a continuing waiver in other similar circumstances, unless the intention to grant a continuing waiver is expressed in writing.

Our failure to insist on strict compliance with the Account Agreement or any other course of conduct on our part is not considered a waiver of our rights under the Schwab Retirement Plan Brokerage Account Agreement.

43. Certain Acknowledgments

You acknowledge and agree that Schwab is the principal underwriter of the Schwab Funds®. This affiliation does not limit the authority of our representatives to provide you with information about any available investment vehicles, including third-party mutual funds that are not affiliated with Schwab.

You further acknowledge that Schwab and its affiliates receive certain remuneration for providing services to the Schwab Funds®, Laudus Funds®, and Schwab ETFs™ (“Schwab Affiliate Funds”) in various capacities, including investment advisory and administrative services, as set
44. Wire Transfers and Automated Clearing House (ACH) Transfers

Sending Wire Transfers. The following provisions apply to wire transfers you send through Schwab. This section does not apply to ACH funds transfer services or Schwab MoneyLink® services, which are subject to separate terms and conditions.

A wire transfer is the process of carrying out a payment order that leads to the transfer of funds to a beneficiary. The payment order is the instruction you give us regarding a wire transfer. The beneficiary is the person who receives the payment. The beneficiary may be you or another person.

We can charge fees for sending a wire transfer. For current fees, call 1-800-435-4000. If your account is managed by an advisor, please contact your advisor directly, or call Schwab Alliance at 1-800-515-2157. Additional fees can be applied to a transfer by the receiving bank or an intermediary bank. We have no control over the intermediary or receiving bank’s fee structure.

By providing us with a payment order in a manner that is acceptable to us, you authorize us to act on your behalf to initiate a wire transfer. Upon receiving a payment order from you by the applicable cutoff time, we will act on the payment order by transmitting payment instructions to the applicable bank. We have cutoff times for processing payment orders. We may treat payment orders we receive after a cutoff time as if received the next Business Day. Our cutoff times are available upon request.

We may provide you with one or more numbers, passwords, tokens, challenge questions, and/or other means of identification and authentication (collectively, a “Password”) in connection with our wire transfer service. You agree to maintain the security and confidentiality of your Password and to notify us immediately if you have any reason to believe its security or confidentiality has been or may be breached.

We may elect to verify the authenticity and content of any payment order by placing a call to any authorized signer on your account and/or any other person you designate as your agent for that purpose. If we are unable to verify a payment order with an authorized person, we may refuse to execute the order. We also may reject any instruction that is not confirmed in accordance with any other security procedure that you and we agree upon. You agree that confirmation of your wire instruction by telephone, or online through our website or by wireless device (which consists of both electronically authenticating and authorizing the wire instruction through encrypted channels), or our reliance on any password or other security procedure that you and we agree upon, shall be deemed to be a commercially reasonable security procedure, in light of the anticipated size, type, and frequency of your wire transfers.

We may process any payment order we believe is transmitted or authorized by you if we act in compliance with the agreed upon security procedure. You agree to be bound by any wire instruction, whether or not authorized, that is issued in your name and accepted by us in compliance with the security procedure.

Our security procedures are designed to verify the authenticity of wire instructions, not to detect any errors in their transmission or content. We assume no responsibility to detect errors in your instructions (e.g., duplicate transfers), even if we may take certain actions from time to time to do so.

We may reject payment orders. Any notice of rejection (whether given orally, electronically, or in writing) will be effective when given. We will not be liable to you for the rejection or obligated to pay you interest for the period before you receive the notice of rejection. Pursuant to government regulations, we may be unable to send a wire transfer you requested to certain individuals or countries, or to individuals who are citizens of those countries. Also, your payment order may be delayed while we check to ensure that sending it to the designated recipient does not violate applicable laws or regulations. You agree that Schwab will not be liable for any losses in any of these circumstances.

We may select any intermediary bank, funds transfer system, or means of transmission to send your payment orders. Our selection may differ from that indicated in your instructions.

It is important that you provide us with accurate and complete payment information. The beneficiary’s bank (including us when we are the beneficiary’s bank) may make payment to the beneficiary based solely on the account or other identifying number you provide, even if the name on the payment order differs from the name on the account. We, or an intermediary bank, may send a payment order to an intermediary bank or a beneficiary’s bank based solely on the bank identifying number, even if you provide us with a different bank name. Neither we nor any other bank has a duty to determine whether a payment order contains an inconsistent name and number. This means that you may not rely on the name of the person or bank that you provide us to ensure payment to the correct person. If you provide incorrect information, you could lose the amount transferred.

Terms Applicable to Sending Domestic Wire Transfers and Non-Consumer Foreign Wire Transfers
You agree to indemnify us against, hold us harmless from, and defend us against any losses, claims, costs, expenses, damages, or liabilities (including, but not limited to, attorneys’ fees) arising out of or resulting from any action taken or omitted by us in accordance with this Agreement or your instructions. This obligation will survive the termination of this Agreement.

You must notify us at once if you think a wire transfer shown on your Account statement or other notice is incorrect or unauthorized. If you fail to notify us in writing within 10 calendar days after we send or make available to you the first notice or statement on which the problem or error appears, you agree that the transfer information set forth on the statement or notice will be deemed correct, and that you will be precluded, to the greatest extent permitted by law, from asserting any claim against Schwab in connection with, and waive any right to recover any losses resulting from, any unauthorized or erroneous transfer.

You cannot amend or cancel a payment order after we receive it. If you ask us to do this, we may make a reasonable effort to act on your request. But we will not be liable to you if, for any reason, a payment order is not amended or canceled. You agree to reimburse us for any costs, losses, indemnity claims, or damages that we incur in connection with your request to amend or cancel a payment order.

If your payment order requires us to convert one type of currency to another (for example, from U.S. dollars to euros), your funds will be exchanged for such other currency at the current rate of exchange according to our standard procedures. Currency exchange rates fluctuate over time, and you acknowledge and accept the risks of such fluctuations between the time you send us a payment order and the time the wire transfer is final.

Terms Applicable to Certain Consumer Foreign Wire Transfers
If you initiate a wire transfer that is subject to Regulation E primarily for personal, family, or household purposes to a recipient in a foreign country (a “consumer foreign wire transfer”), we will provide you with a disclosure of the details of the transaction, as well as information about your error resolution and cancellation rights. Note: Certain transfers made in connection with the purchase or sale of securities are not covered by Regulation E or this section.

What to do if you think there has been an error or problem with your consumer foreign wire transfer:
If you think there has been an error or problem with your wire transfer:

Call: 1-877-742-9488
Write: Charles Schwab & Co., Inc.
Attn: Document Control
P.O. Box 982600
El Paso, TX 79998

You must contact us within 180 days of the date we promised to you that funds would be made available to the recipient. When you do, please tell us:

1. Your name and address and/or telephone number;
2. The error or problem with the transfer and why you believe it is an error or problem;
3. The name of the person receiving the funds and, if you know it, his or her telephone number or address;
4. The dollar amount of the transfer; and
5. The confirmation code or number of the transaction.

We will determine whether an error occurred within 90 days after you contact us, and we will correct any error promptly. We will tell you the results within three Business Days after completing our investigation. If we decide that there was no error, we will send you a written explanation. You may ask for copies of any documents we used in our investigation.

What to do if you want to cancel a consumer foreign wire transfer:
You have the right to cancel a consumer foreign wire transfer and obtain a refund of all funds paid to us, including any fees. In order to cancel, you must contact us at the phone number above within 30 minutes of payment for the transfer.

When you contact us, you must provide us with information to help us identify the transfer you wish to cancel, including the amount and location where the funds were sent. We will refund your money within three Business Days of your request to cancel a transfer as long as the funds have not already been picked up or deposited into a recipient’s account.

Receiving Transfers
We may receive instructions to pay funds to your account, including wire transfers, transfers sent through an ACH system, and transfers that are processed directly to an account with us. We may receive funds transfers directly from the sender, through a funds transfer system such as an ACH system, or through some other communications system.

We will notify you that we have received wire transfers and ACH transfers by listing them on your Account statement rather than sending you separate notices with respect to each transfer. You can also access information about your transfers with our online service through Schwab.com.

ACH Provisional Payment Rule
Under ACH rules, funds transfers sent through an ACH system are provisional and may be revoked prior to final settlement. You agree that ACH transfers that involve your Account will be subject to the ACH rules.

If an ACH transfer is revoked before final settlement and we do not receive final settlement, we can charge your Account for any amount that was previously credited and the person who sent the payment order will be considered not to have paid you. If this happens, we will not send you a separate notice; we will notify you of these credits and charges on your Account statement.

Liability
If we are obligated to pay you for loss of interest that results from our error or delay regarding a payment order that you place, we will calculate your compensation by using the rate that is applicable to your Account for the time in question.

In no event will we be liable for any special, indirect, or consequential damages (even if we have been informed of the possibility of such damages), including, without limitation, loss of profits or revenue, except as may be required by applicable law.

Compliance With Rules and Laws
You agree to comply with applicable payment system rules, including the Operating Rules of the National Automated Clearing House Association (NACHA), the laws and regulations of the United States, and any other applicable law.

45. Receipt of Deposits and Transfers
If we receive a deposit or transfer to your Account on a day that is not a Business Day, we may not credit your Account until the next Business Day. For purposes of this section, “Business Day” means Monday through Friday, except for U.S. stock exchange holidays and bank holidays. Schwab assigns a hold on incoming foreign wires, preventing them from being moved to another account of investment for two days, and does not pay interest on the funds during the hold period. (See Float Disclosure for more information.)

You will verify that deposits have been correctly posted to your Account and notify Schwab immediately of any discrepancy.

You authorize Schwab to accept checks (with or without endorsement) for deposit into your Account that we receive from your advisor. Your advisor may forward the physical check to us or transmit images of the check and other data to us electronically. You acknowledge your responsibility for any check given to your advisor for deposit into your Account. You further acknowledge and agree as follows: We may prescribe limitations or refuse to accept checks for deposit when forwarded to us by your advisor. Schwab has no responsibility for your advisor’s handling of checks, including but not limited to (i) the security or safekeeping of checks, (ii) your advisor’s creation of electronic images of checks, (iii) the forwarding or transmission of checks or check images to us, and (iv) any ambiguity, inaccuracies or omission in any check-related information provided to us. We may process check images electronically or convert them into paper substitute checks based on the information your advisor provides. Your advisor’s forwarding of checks (or check images) to Schwab are instructions of your advisor with respect to which you have agreed to indemnify and hold us harmless as provided in the Application Agreement for your Account.

46. Privacy Policy, After-Hours Trading, and Other Terms and Disclosures
Schwab from time to time will inform you of terms and conditions for accessing or using products or services Schwab offers, including, but not limited to, accessing our website and participation in an after-hours trading session. Such terms and conditions, when accepted by you as indicated either by your actions or express acknowledgment, become part of your Agreement with Schwab, and you agree to abide by the requirements of those terms and conditions.

Schwab also will inform you from time to time of important disclosures and notices pertaining to your access or use of Schwab products or services, including, but not limited to, our privacy policy and the risks of buying or selling certain securities or trading in an after-hours session. You agree that your use of such products or services is an acknowledgment that you have understood the disclosure, notice or policy, and that you agree to any action taken by Schwab in accordance with the stated disclosure, notice or policy.

Extended Hours Trading Session
Schwab’s extended hours trading offering has two components: a pre-market session that operates from 7:00 a.m. to 9:25 a.m. ET, and an after-hours session that operates from 4:05 p.m. to 8:00 p.m. ET. These sessions are completely independent from the regular market session.

Orders for the pre-market session may be entered beginning at 8:05 p.m. ET on the prior trading day, but will not be eligible for execution until the session officially opens at 7:00 a.m. ET on the following trading day. Orders for the after-hours trading session can be entered and will be eligible for execution beginning at 4:05 p.m. ET.

Other financial service providers may offer trading services outside of regular market hours that differ significantly from Schwab’s extended hours trading sessions.
Order Types
Schwab only accepts limit orders in extended hours trading sessions. Market orders will not be accepted.

Order Prices
Schwab does not accept limit orders in sub-penny prices. A sub-penny price is any price entered more than two digits to the right of the decimal (i.e., 0.123, 1.123, 10.1234, etc.).

Maximum Share Sizes
The maximum share size is 25,000 shares in extended hours trading sessions.

Extended Hours Trading Session Disclosure

- Risk of Lower Liquidity. Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more orders that are available in a market, the greater the liquidity in that market. Liquidity is important because with greater liquidity it is easier for investors to buy or sell securities and, as a result, investors are more likely to pay or receive a competitive price for securities purchased or sold. There may be lower liquidity in extended hours trading as compared to regular trading hours. As a result, your order may only be partially executed, or not at all.

- Risk of Higher Volatility. Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. There may be greater volatility in extended hours trading than in regular trading hours. As a result, your order may only be partially executed, or not at all, or you may receive an inferior price when engaging in extended hours trading than you would during regular trading hours.

- Risk of Changing Prices. The prices of securities traded in extended hours trading may not reflect the prices either at the end of regular trading hours, or upon the opening the next morning. As a result, you may receive an inferior price when engaging in extended hours trading than you would during regular trading hours.

- Risk of Unlinked Markets. Depending on the extended hours trading system or the time of day, the prices displayed on a particular extended hours trading system may not reflect the prices in other concurrently operating extended hours trading systems dealing in the same securities. Accordingly, you may receive an inferior price in one extended hours trading system than you would in another extended hours trading system.

- Risk of News Announcements. Normally, issuers make news announcements that may affect the price of their securities after regular trading hours. Similarly, important financial information is frequently announced outside of regular trading hours. In extended hours trading, these announcements may occur during trading and, if combined with lower liquidity and higher volatility, may cause an exaggerated and unsustainable effect on the price of a security.

- Risk of Wider Spreads. The spread refers to the difference in price between what you can buy a security for and what you can sell it for. Lower liquidity and higher volatility in extended hours trading may result in wider than normal spreads for a particular security.

Appropriateness of Extended Hours Trading: Schwab does not warrant or recommend that extended hours trading is appropriate for you. As noted above, extended hours trading involves special risks, and it may not be appropriate for all investors. Investment decisions you make involving extended hours trading are your responsibility.

Potential Changes to Extended Hours Trading: Schwab reserves the right to change its extended hours trading session. You will need to keep up to date on these changes and review how they might affect your own investment decisions.

Clearly Erroneous Policy: Schwab may be subject to the Electronic Market’s “clearly erroneous policies.” A clearly erroneous trade occurs when someone has entered an order with an obvious error in any term, such as security identification, price, or number of shares. Upon request, the Electronic Market may review a transaction to determine if it was clearly erroneous and may reverse or “break” such a trade. This could have the effect of placing you in the position you were in before the transaction. If you wish to have a transaction reviewed, please contact a Schwab representative immediately, as you must make an appeal within 30 minutes of the execution time for a “break” to be considered.

Electronic Services Agreement and Use Agreement: Your use of the extended hours trading session is governed by your existing account agreements with Schwab, including the “Electronic Services Agreement.” The information, news, research, quotations, and other content available to you during the extended hours trading session is also subject to the “Use Agreement.” As a Schwab customer, you have previously consented to these agreements, which are available for your review under the Agreements link that appears on one or more pages in the Customer Center.

47. Phone Channel Access
During non-business hours or during periods of peak demand, market volatility, systems upgrades or maintenance, or for other reasons, access to a Schwab representative via the phone channel may be limited or unavailable. Some clients may have their calls routed to automated telephone channels or informational messages. Schwab may assign calling teams and specific phone numbers to support certain client groups based on certain factors, which may include asset levels and trading history. These client groups may be given preference in reaching a Schwab representative. Failure to provide us with a valid account number could also limit your access to a Schwab representative.

48. Unclaimed Property
To the extent applicable to your Account, the unclaimed property law requires us to turn over to the state of your last known address (as shown in our records) personal property which is unclaimed by its owner for a set period of time. Personal property includes assets in customer accounts (including your Schwab Retirement Plan Brokerage Account) as well as uncashed dividend checks and other Schwab checks payable to customers. In general, personal property is considered unclaimed if you have not performed at least one of the following activities within the period of time set by the state:

- Made a deposit, trade or withdrawal in your Account.
- Written to or otherwise contacted us about your Account.
- Otherwise shown an interest in your Account.

Before we turn over the assets in your Account (if any), we will, as required by law, send a notice to the address we currently show on your account statement. You may recover unclaimed property turned over to a state by contacting that state.

49. Authorizations Granted to Advisors
For accounts managed by an advisor, any and all authorizations you grant to your advisor or other third parties with respect to your Account will apply to the successors and assigns of such advisor or other third party, subject to limitations of applicable law.

This provision applies if your Account is managed by an advisor and you have granted your advisor “trading and disbursement” authority and instructed Schwab (either on a form or otherwise) to accept that authority. The trading authority remains the same, and the disbursement authority will continue to include the ability of your advisor to move money from your Account to your accounts of identical registration, whether at Schwab or at other financial institutions, provided that your advisor has not informed Schwab that it has changed this authority. You understand and agree that it will also include the ability of your advisor to move money from your Account to other accounts on which you are a named account holder, whether at Schwab or at other financial institutions, provided that your advisor has not informed Schwab that it has changed this authority. You understand and agree that it will also include the ability of your advisor to move money from your Account to other accounts on which you are a named account holder, whether at Schwab or at other financial institutions, provided that your advisor has not informed Schwab that it has changed this authority. You understand and agree that it will also include the ability of your advisor to move money from your Account to your accounts of identical registration, whether at Schwab or at other financial institutions, provided that your advisor has not informed Schwab that it has changed this authority. You understand and agree that it will also include the ability of your advisor to move money from your Account to other accounts on which you are a named account holder, whether at Schwab or at other financial institutions, provided that your advisor has not informed Schwab that it has changed this authority. You understand and agree that it will also include the ability of your advisor to move money from your Account to other accounts on which you are a named account holder, whether at Schwab or at other financial institutions, provided that your advisor has not informed Schwab that it has changed this authority.
50. Electronic Copies
The electronically stored copy of your (or your agent’s) signature, any written instructions or authorizations, the Account Application and the Agreement and Disclosures is considered to be a true, complete, valid, authentic and enforceable record, admissible in judicial, administrative or arbitration proceedings to the same extent as if the documents and records were originally generated and maintained in printed form. You agree to not contest the admissibility or enforceability of Schwab’s electronically stored copy of such documents in any proceeding between you and Schwab.

51. Optional Dividends
When a domestic company offers its shareholders a choice to receive a dividend either in cash or stock, we will use your dividend reinvestment election as the basis for allocating future distributions. In other words, accounts that have elected to have their dividends reinvested on the affected security will be credited optional dividends with additional shares, while accounts that have elected to receive their dividends in cash will be paid optional dividends in cash.

52. Processing and Execution of Electronic Transactions
We may elect to review electronic transactions manually before they are submitted. This manual review may result in a delay in execution. For securities transactions, this delay may cause a difference between the execution price and the displayed quote at the time the order was entered. This delay may also result in a limit order becoming ineligible for execution. For electronic funds transfers and wires, this manual review may delay when funds are paid or made available.

53. Independent Branch Leaders Who May Service Your Account
Some Schwab branch offices are operated by an Independent Branch Leader (“IBL”). Although IBLs are not employees of Schwab, they are registered representatives of Schwab and subject to Schwab policies and procedures. IBLs are identifiable by the inclusion of “independent” in their Schwab representative title, signage in their branches, and supporting detail under their “Your Consultant” designation on www.schwab.com. IBLs may hire their own employees to work in their branches. Like other Schwab representatives, IBLs will have access to customer information to help service accounts and sell Schwab products and services. Schwab will inform you if your Account is assigned to an IBL in your geographic area. Whether or not you are assigned to an IBL, you may request service at an IBL branch just like any other branch (for example, if you are traveling). Accounts managed by an advisor will not be assigned to an IBL.

Schwab’s Cash Features Program
Schwab’s Cash Features Program is the service described in the Cash Features Disclosure Statement that we provide to automatically invest, or “sweep,” the Free Credit Balance in your Account into a liquid investment or to earn interest from Schwab on the Free Credit Balance in your Account. The Cash Features Program permits you to earn income while you decide how those funds should be invested longer term.

Cash Features refers to the following alternatives:
1. The Bank Sweep and Bank Sweep for Benefit Plans features, each of which automatically makes deposits to and withdrawals from deposit accounts at one or more banks affiliated with Schwab whose deposits are insured by the FDIC; and
2. The “Money Fund Sweep” feature automatically invests in and redeems shares of a Schwab® Sweep Money Fund; and
3. The “Schwab One® Interest” feature pays you interest on your Free Credit Balances.

Please note that certain foreign Schwab affiliates may have different Cash Features than the ones listed above.

Schwab can change the eligibility criteria for Cash Features on advance written notice to affected clients, or make certain Cash Features available to clients that do not otherwise meet published criteria.

You will not receive a separate confirmation for transactions in your Cash Feature. Your Account statements will reflect all transactions in your Cash Feature (including purchases, redemptions, dividends, dividend reinvestments, deposits, and interest).

Changing Your Cash Feature
When you opened your Account, you either selected a Cash Feature or were informed of the Cash Feature that was designated for your Account.

You authorize Schwab to make deposits, withdraw cash, or purchase and redeem securities in accordance with the eligible Cash Feature you have designated or the Cash Feature that has been designated for your Account.

You may change your Cash Feature election to another eligible Cash Feature by contacting Schwab.

If you request a change from one Cash Feature to one of the alternatives available to you, Schwab will generally effect that change the following Business Day, but reserves the right to take longer if necessary to properly process your request. This may result in the loss of one or more Business Days’ interest or dividends. During this time, we will earn and retain interest on your funds, generally at money market rates.

See the “Float Disclosure” section for more information.

As a condition to changing your Cash Feature, Schwab will transfer the funds in your prior Cash Feature to your new Cash Feature. In other words, Schwab will redeem all shares in your Schwab® Sweep Money Fund or withdraw all funds deposited at a bank affiliated with Schwab, as applicable, and place the proceeds or the funds in your new Cash Feature.

Changes to Your Cash Feature and the Cash Features Program by Schwab
You understand and agree that Schwab can (i) make changes to the terms and conditions of our Cash Features Program; (ii) make changes to the terms and conditions of any Cash Feature; (iii) change, add, or discontinue any Cash Feature; (iv) change your investment from one Cash Feature to another if you become ineligible for your current Cash Feature, your Cash Feature is discontinued, or such change is required pursuant to any regulatory requirement; and (v) make any other changes to the Cash Features Program or Cash Features as allowed by law.

Schwab will notify you in writing of changes to the terms of the Cash Features, changes to the Cash Features we make available, or a change in the Cash Features Program prior to the effective date of the proposed change.

If you become ineligible for a particular Cash Feature or if Schwab discontinues your Cash Feature, then you authorize Schwab to designate another Cash Feature for which your Account is then eligible and transfer the funds from the ineligible or discontinued Cash Feature to the Cash Feature designated by Schwab for you. Schwab will notify you in writing prior to such change. The notice will describe the new terms and conditions of the Cash Features Program, your new Cash Feature, and the options available to you if you do not wish to accept the new Cash Feature. If you would like to choose another Cash Feature that is an available option, you agree to respond to us in the manner and within the time period set forth in the notice. If you do not respond within the specified time period, you agree that Schwab may treat your non-response as your acceptance of the new Cash Feature. Your authorization will remain in effect until you give us notice to the contrary. Your notice to us will not affect any obligations resulting from transactions initiated prior to our receipt of the notice.

A change in your Cash Feature may result in the loss of one or more Business Days’ interest or dividends while your transaction is being processed. During this time, we will earn and retain interest on your funds, generally at money market rates. See the “Float Disclosure” section for more information.

Bank Sweep and Bank Sweep for Benefit Plans Features
The “Bank Sweep” and “Bank Sweep for Benefit Plans” features automatically make deposits to and withdrawals from deposit accounts at one or more banks affiliated with Schwab as described in the Cash Features Program.
Features Disclosure Statement. The balances in your deposit accounts at an affiliated bank are eligible for FDIC insurance within applicable limits. Deposit accounts at an affiliated bank held in your Account are not eligible for SIPC insurance.

Sweep Procedures for the Bank Sweep, Bank Sweep for Benefit Plans, and Money Fund Sweep Features

You authorize us to act as your agent to make deposits to and withdraws from deposit accounts at one or more banks affiliated with Schwab or purchase and sell shares in a Schwab® Sweep Money Fund in accordance with the Cash Features Disclosure Statement.

A Free Credit Balance of one dollar ($1) or more in your Account on any Business Day will be swept into one or more affiliated banks or Schwab® Sweep Money Fund, as applicable, after the close of business on that Business Day and generally will not begin earning interest or dividends until the following Business Day. Proceeds from the sale of securities will be swept the Business Day following settlement, provided that the securities sold have been received in good deliverable form prior to the Settlement Date. Schwab has sole discretion to change when and how often sweeps occur upon advance written notice to you.

If, on any given day, the accrued daily dividend for your Schwab® Sweep Money Fund as calculated for your Account is less than half of one cent ($0.005), your shares will not earn a dividend for that day. In addition, if you do not accrue at least one daily dividend of $0.01 during a pay period, you will not receive a money market dividend for that period.

If your deposit accounts or Schwab® Sweep Money Fund, as applicable, accrue interest or dividends, resulting from the investment of money represented by a check or other item that is later returned unpaid, we will debit your Account for the amount of the interest or dividends.

Money Fund Sweep Feature

The “Money Fund Sweep” feature automatically invests in and redeems shares in a Schwab® Sweep Money Fund as described in the Cash Features Disclosure Statement.

Investments in the Schwab® Sweep Money Funds are subject to restrictions described in the applicable Schwab® Sweep Money Fund’s prospectus. For more complete information about a Schwab® Sweep Money Fund, including charges and expenses, read the fund’s prospectus carefully. An investment in a Schwab® Sweep Money Fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

Although investments in Schwab® Sweep Money Funds provide a means of earning a return on cash, there can be no assurance that a Schwab® Sweep Money Fund will be able to maintain a stable net asset value of $1 per share. In the event that a Schwab® Sweep Money Fund is no longer able to maintain the net asset value of its shares at $1, then you authorize and instruct Schwab, without further notice to you, to redeem all of your Schwab® Sweep Money Fund shares as soon as commercially practicable and deposit the proceeds in your Account.

Schwab® Sweep Money Funds may, to the extent permitted by law, include money market funds for which Schwab or its affiliates receive transaction and other fees for providing services (such as investment advisory, administration, transfer agency, distribution, and shareholder services), and these fees will vary depending on the money market fund (or share class) used. No portion of these fees will reduce or offset the fees otherwise due to Schwab in connection with the Account unless required by law.

Pursuant to regulation or law, your account may be ineligible to invest in certain Schwab Money Funds.

Schwab One® Interest Feature

The Schwab One® Interest feature pays you interest on cash awaiting investment. If you are receiving interest from Schwab under the Schwab One® Interest feature, you agree that the Free Credit Balance in your Account is maintained for purposes of making investments, and not solely for the purpose of receiving such interest. Schwab reserves the right to stop paying interest on your Account, change your Cash Feature, close your Account, or take any other action if Schwab, in its discretion, concludes that your Free Credit Balances are maintained solely for the purpose of receiving interest.

The Schwab One® Interest feature is subject to the terms and conditions set forth in the Cash Features Disclosure Statement, including the manner of setting interest rates and the crediting of interest. If, on any given day, the interest that Schwab calculates for your Account in accordance with the foregoing is less than $0.005, you will not earn any interest on that day.

Schwab will pay interest on remittances by check beginning on the first or second Business Day after the check is deposited, depending on the location of your bank. Interest will accrue even if a hold is placed on the check. However, if we have credited your Schwab One® Account for interest on funds represented by a check or other item that is later unpaid, we will charge your Schwab One® Account for the amount of the interest paid.

Limited Liability

If Schwab fails to sweep, or pay interest on, your Free Credit Balance according to the Cash Features Disclosure Statement, Schwab’s liability is limited to the actual amount of interest or dividends you would have earned had the Free Credit Balance been invested, deposited, or credited in the manner described in the Cash Features Disclosure Statement.

You agree to hold us harmless if we do not make withdrawals or liquidate shares to satisfy debits in your Account. If you intend to send funds to settle securities transactions, we must receive these funds on the Business Day before the Settlement Date to prevent an automatic redemption.

IRA Checkwriting

Summary

IRA Checkwriting is an optional service that may be available in your IRA Account (see “Eligibility,” below). Schwab has partnered with BNY Mellon Investment Servicing Trust Company to process check transactions on behalf of Schwab.

We will deduct check transactions from your IRA Account in the following manner: Charges will be made against the cash assets in your Account, which may consist of a Free Credit Balance, deposits in the Bank Sweep feature, or shares of a Schwab Sweep Money Fund or another Schwab Money Market Fund.

Additional Definitions

- Authorization Limit—The maximum amount you may withdraw from your IRA Account using checks.
- Bank—BNY Mellon Investment Servicing Trust Company and/or its affiliates, the entity responsible for administering the Bank Services.
- Bank Services—Checking account services provided by the Bank.

Eligibility

IRA Checkwriting may be added to the following IRA Account types:

- SIMPLE IRAs and
- SEP IRAs.

In addition, all of the following eligibility requirements must be satisfied:

- You must be age 59½ or older and the IRS 10% penalty for early withdrawal from an IRA must not apply to the IRA Account for which you are applying for IRA Checkwriting.
- You must be a U.S. citizen or a U.S. resident alien who resides within the U.S. or one of its territories (excluding Guam), and must provide a U.S. mailing address on the IRA Checkwriting Application.
- You must agree to elect out of federal and state tax withholding for all distributions utilizing the IRA Checkwriting services.
Federal and State Income Tax and Reporting
Checks written against your IRA Account are considered distributions from your IRA and will be reported to both you and the IRS on Form 1099-R for the year in which the check clears.

By completing the IRA Checkwriting Application, you are instructing Schwab not to withhold federal and state taxes on each check disbursement. You are liable for payment of federal and state income taxes, if applicable, on the taxable portion of your distribution. You may also be subject to tax penalties under the estimated tax payment rules if your withholding and payment of estimated tax, if any, are not adequate. Please consult with your tax professional prior to utilizing IRA Checkwriting.

Checks
Checks used for IRA Checkwriting must be ordered through Schwab.

Authorization Limit
The Authorization Limit is the maximum amount you may withdraw from your IRA Account using your checks, ACH, or Electronic Fund Transfers. Schwab may put a hold on funds in your IRA Account or otherwise restrict withdrawals or transfers from the Account to a limit that is lower than the Authorized Limit, if there is a risk of fraudulent, unusual, or unauthorized activity based on certain parameters established by Schwab. Your Authorization Limit is calculated each Business Day and is the sum of:

- Your Free Credit Balance, the value of your Schwab Sweep Money Fund, and the value of cash balances deposited in a Sweep Bank in your IRA Account; minus
- The amount required to settle any pending securities purchases in your IRA Account; and
- Deposits received by us for credit to your IRA Account on which a hold (as described in the “When Check Deposits Are Available for Withdrawal or Transfer” section, below) has been imposed.

Proceeds of the sale of securities will not be included in the Authorization Limit until the Business Day after settlement date.

Fees
Some fees can be charged to process check transactions. By authorizing Schwab to process check transactions, you are authorizing Schwab or its respective designated representatives or agents to automatically continue charging your IRA Account for all fees and charges associated with check transactions.

Returned Items
If transactions in your IRA Account reduce your Authorization Limit below zero, we will return your check unpaid. We will charge a fee for any check we return unpaid.

When Check Deposits Are Available for Withdrawal or Transfer
When you deposit checks in your IRA Account, they will become available for withdrawal according to our availability schedule. Details of the schedule are available by logging in to your IRA Account at Schwab.com, calling us, or visiting a Schwab branch office. However, even when deposited funds are not available for withdrawal, you will receive interest or dividends on the held funds according to the Float Disclosure. At our discretion, funds represented by the check may also be unavailable for settlement of securities transactions during the hold period.

Missing Checks, Unauthorized Signatures, and Alterations
You must promptly examine your Account statement upon receipt. If you find that your records disagree with ours, or if you suspect that a check or an endorsement is altered or forged, call us toll-free at once at 1-800-435-4000. You must also report missing or stolen checks to us immediately by calling the same number, or you may write to us at: Charles Schwab & Co., Inc., P.O. Box 982600, El Paso, TX 79998-2600.

Unless you have notified us otherwise, you agree that the statement activity and your IRA Account balance are correct for all purposes with respect to those transactions, and you waive all claims against Schwab to recover any losses resulting from said unauthorized wire transfer, forgery, alteration, or fraudulent check.

If you report to us that a forgery, alteration, or other unauthorized check transaction has occurred in your IRA Account, you agree to cooperate with us in the investigation of your claim. This includes giving us an affidavit containing whatever reasonable information we require concerning your IRA Account, the wire or check transaction, and the circumstances surrounding the loss.

You agree that we have a reasonable period of time to investigate the facts and circumstances surrounding any such claimed loss.

Check Transactions
On approval of your IRA Checkwriting Application, you will be sent checks in accordance with your instructions; Schwab can charge transaction and processing fees that we deem appropriate. The Bank may cancel your check access to your IRA Account at any time, or we may not provide you with additional checks, by the Bank or Schwab, without prior notice.

You must notify Schwab any time that your address changes. If you move outside of the U.S. or one of its territories (excluding Guam), Schwab is permitted to terminate the checkwriting feature.

Our Liability for Failure to Complete Transactions
If we do not complete a transaction to or from your IRA Account on time or in the correct amount according to our agreement with you, we may be liable for your losses or damages. However, in no event shall Schwab be liable for any special, indirect, or consequential damages, even if we have been informed of the possibility of such damages. There are some exceptions (and there may be other exceptions not specifically mentioned here). We will not be liable, for instance, if:

- The Authorization Limit in your IRA Account is not enough to cover the transaction.
- Circumstances beyond our control (such as a fire or flood) prevent the transfer, despite reasonable precautions that we have taken.
- Incorrect Electronic Fund Transfer instructions are provided to us by another institution.
- Any Electronic Fund Transfer, Automated Clearing House Network, or any other third-party communication system from which Schwab requires information to complete transactions is not working properly.
- Your IRA Account is restricted (because of a court order or similar reason), and we are not permitted to make the transaction.
- An error in posting an amount or transaction occurs that is beyond our control.

Stop Payment Orders
To stop payment on a check, please call us at 1-800-435-4000. You will need to provide the exact check number and amount in dollars and cents. If you provide the incorrect amount or check number, or if the check has already been negotiated by us or another institution and is in transit, the stop payment will be on a best-efforts basis only.

The stop payment remains in effect for 180 days. If you wish to extend the stop payment beyond this period, please contact us to renew your request before it expires.

A stop payment request takes effect on the next Business Day. If the check has been presented prior to the stop payment request, the stop payment may not be in effect.

Important: Under certain circumstances, payment of a check can be enforced even while a stop payment is in effect. For example, if a Schwab office or another person or entity becomes a “holder in due course” of a check that you ask us to stop, we may still pay the check.

Statements
Your Account statement will contain the following additional information related to IRA Checkwriting:
• The check number, amount, and date of payment of all checks.
• The date and amount of remittances and other credits to your IRA Account.

It is your obligation to review your statements and receipts carefully and to notify us promptly of any discrepancy between your records and transactions detailed on the statement.

Check Copies
We do not return your original checks to you. Rather, we provide the check number, amount, and date of payment for each check paid against your IRA Account on your Account statement. We retain a record of all paid checks for seven years from the date the check posts to your Account. You may request a copy of a particular check by calling us.

Errors or Questions Regarding Check Transactions
Call us at once, toll-free, at 1-800-435-4000 if you think your statement is wrong or if you need more information about a transaction listed on your statement.

You agree to cooperate with our reasonable requests for information as we investigate your claim. We may take up to 45 Business Days to investigate. For transactions for the purchase of goods and services at merchant locations, through the mail, or by telephone, and for transactions that occur outside the U.S., we may take up to 90 Business Days to investigate.

If we ask you to put your complaint or question in writing and we do not receive it within 10 Business Days, we may not be able to complete our investigation. If we decide that there was no error, we will send you a written explanation within three Business Days after we finish our investigation. You may ask for copies of the documents that we used in our investigation.

The procedures set forth above relating to dispute resolution and crediting of accounts apply only to checking transactions and not to trading disputes.

Use of Check Images and Substitute Checks
You agree that we may debit your Account for a check image of an original check presented for payment or collection. In this situation, we may debit your Account without receipt of, or review of, the original check associated with the check image. In our sole discretion, we may return to a presenting bank, returning bank, or paying bank, or credit to your Account, a paper copy or paper representation of an original check (including, without limitation, an image replacement document or IRD, or a photocopy) drawn on or returned to your Account that does not otherwise meet the technical or legal requirements for a substitute check.

You agree to indemnify and hold harmless us, our employees, and agents from any loss, claim, damage, or expense that you or any other person may incur directly or indirectly as a result of any action taken by us to process a check image or substitute check instead of the original check, including the destruction of the original check as described above, to the extent permitted by applicable law.

Changes to These Rights and Responsibilities
From time to time, the rights and responsibilities in connection with Electronic Fund Transfers or check transactions may change. We’ll notify you, as required by law, of any changes; however, we’re not required to notify you in advance if the change is necessary for security reasons.

Refusal to Honor Checks
Neither we nor the Bank is responsible for any person’s action in refusing to honor or accept your checks or for any person’s action in taking possession of your checks.

Check Legends
Some customers may write legends or notations on IRA Account checks, such as “not valid after 60 days” or “not valid over $1,000.” We may also receive checks on which restrictions or other notations are written. We may disregard these instructions. We are not responsible for any losses, claims, damages, or expenses that result from your placement of these or other notations on your checks, or from our disregarding them.

Stale-Dated Checks
If a stale-dated check—that is, a check dated more than six months in the past—is presented for payment against your Account, we may pay the check and debit it from your Account. If you don’t want us to pay a stale-dated check, you must place a stop payment order on it. (For more information, see the “Stop Payment Orders” section above.)

Postdating Orders
If you write and postdate a check, we may pay it and debit it from your Account even if it’s presented for payment before its date. You may ask us not to pay a postdated check before its date if the check hasn’t already been paid. To do so, you must place a stop payment order on it. (For more information, see the “Stop Payment Orders” section above.)

Check Processing Order
We may accept, pay, certify, or charge to the indicated Account, checks and other items, in any order we choose at our discretion. We may establish different priorities or categories for checks and other items and process checks and other items according to the priorities we establish. As examples, we may process checks in the order we receive them at the processing center, in check number order, or in dollar amount order (either from highest to lowest dollar amount or from lowest to highest dollar amount). We may also use some combination of these methods. We may change the order that we use to process checks and other items at any time without notice to you.

When you do not have enough available funds in your Account to cover all the items presented that day, some methods may result in more insufficient funds fees than other methods. We may choose our processing method in our sole discretion regardless of whether additional fees may result.

Discontinuing the IRA Checkwriting Feature
You can call us anytime at 1-800-435-4000 to discontinue the IRA Checkwriting feature.

Float Disclosure
You agree that Schwab will retain as compensation for services your Account’s proportionate share of any interest earned on aggregate cash balances held in Schwab’s bank account with respect to (1) assets awaiting investment or (2) assets pending distribution from your Account. Such interest retained by Schwab shall generally be at money market rates.

Assets awaiting investment or deposit include: (1) amounts deposited by you into your Account; and (2) any other uninvested assets held by your Account caused by an authorized instruction to Schwab to purchase or sell securities (which may, after the period described below, automatically be swept into a Schwab Sweep Money Fund or deposited into a Sweep Bank). With respect to such assets awaiting investment or deposit: (i) where such assets are received by Schwab on a Business Day and before deposit cutoff time for the local Schwab Investor Center with which the funds are deposited, such interest may be earned by Schwab through the beginning of the following Business Day; (ii) where such assets are received on a day which is not a Business Day, or where such assets are received after the local Schwab Investor Center’s deposit cutoff time, such interest may be earned through the beginning of the second following Business Day.

When Schwab receives a request for a distribution from your Account, Schwab generally processes the request within two or three Business Days (unless the distribution is in connection with an unusual event such as death or divorce, in which case it generally will take longer to process the request). On the same day that the processing is completed, the amount of the distribution will be debited from your Account. The distribution check will be written and mailed on the following Business Day. You agree and acknowledge that Schwab will earn interest beginning on the date your Account is debited and ending on the date the check is presented for payment, the timing of which is beyond the control of Schwab.
Upon request, Schwab will provide you a verbal update to determine the status of your outstanding distribution checks.

If you request a Schwab MoneyLink® transfer from your Account to another financial institution: (i) the amount of the transfer will be debited from your Account on the day that the transfer process is commenced; (ii) the funds will be received by the other financial institution within one to two Business Days of the date the transfer process is commenced; and (iii) you agree and acknowledge that Schwab may earn interest on that amount beginning on the date your Account is debited and ending on the date the Electronic Fund Transfer is received by the other financial institution and thereby debited from Schwab's bank account.

If you choose to change your Cash Feature from one Cash Feature to another, or if Schwab changes your Cash Feature from one Cash Feature to another, you will generally stop earning interest or dividends, as the case may be, on the day of your request. If you or Schwab designate a new Cash Feature before the close of business on a Business Day, your Free Credit Balances will be swept to your new Cash Feature after the close of business that Business Day, and generally will begin earning dividends or interest, as the case may be, on the following Business Day. If you or Schwab designate a new Cash Feature after the close of business or on a non-Business Day, your Free Credit Balances will be invested or deposited into your new Cash Feature after the close of business on the next Business Day, and generally will begin earning dividends or interest on the Business Day following the next Business Day. If you request that Schwab automatically send dividends, interest, or other payments directly to you, and the Account has a Schwab Sweep Money Fund as a Cash Feature, net payments will not accrue interest between the time they are credited to the Account and the time they are disbursed to you.

Non-Fiduciary Status
Schwab does not serve as a fiduciary within the meaning of section 3(21) of the Employee Retirement Income Security Act (“ERISA”) of 1974, as amended, or section 4975(e) of the Internal Revenue Code, as amended, with respect to the assets held in an individual retirement account. In this regard, except as noted below, neither Schwab nor its affiliates (i) exercises investment discretion with respect to assets held in the Account, (ii) serves as an “investment manager” within the meaning of section 3(38) of ERISA, (iii) appoints or terminates investment managers with respect to the Account, or (iv) provides recommendations or investment advice within the meaning of section 3(21)(A)(ii) of ERISA (and regulations thereunder) on an ongoing or regular basis regarding the purchase of Securities or Other Property with respect to assets held in the Account.

With respect to Managed Account Select® (“MAS”) accounts, investment managers who are unaffiliated with Schwab exercise investment discretion over Account assets and, with respect to accounts subject to ERISA, serve as the investment manager to such accounts. If you participate in the MAS accounts, you make all decisions with respect to the selection, monitoring, and termination of managers appointed under MAS.

Schwab StockBuilder Plan®

1. Provision of Schwab StockBuilder Plan®
Your enrollment in the Schwab StockBuilder Plan® is activated one Business Day after you notify us by telephone, or five Business Days after we receive your letter, that you wish to enroll an eligible security. When your enrollment is activated, you agree to be bound by this Schwab StockBuilder Plan® as well as any other agreements between you and us that apply to your account.

You may direct us to add the Schwab StockBuilder Plan® to all eligible securities in your account, or you may choose individual securities for automatic dividend reinvestment. To add or remove the Plan with respect to securities in your account, you must notify us at least one Business Day before the day on which dividends or other eligible cash distributions are payable for those securities.

Dividends are reinvested on all securities you have selected which you own on the record date for determining shareholders eligible to receive dividends, as long as you still own any whole shares of such securities on the dividend payable date.

Dividend reinvestment does not assure profits on your investments and does not protect against loss in declining markets.

You agree to pay our Schwab StockBuilder Plan® transaction fees, as they exist from time to time and apply to your transactions and services you receive.

The Schwab StockBuilder Plan® is not affiliated with any reinvestment plan offered by any other entity. However, Schwab may choose, at its own discretion, to participate in a third-party dividend reinvestment program.

2. Eligible Securities
Securities listed on the NYSE, the American Stock Exchange, or traded on Nasdaq are generally eligible for the Schwab StockBuilder Plan® except for foreign securities, short positions (obligations to sell securities you did not own at the time the order was placed) and Over-the-Counter Bulletin Board securities.

3. Eligible Cash Distributions for Reinvestment
Most cash distributions on eligible securities selected for participation in our Schwab StockBuilder Plan® may be reinvested, including most regular dividends, capital gains distributions, and the like. However, cash-in-lieu, special dividends, interest, and distributions of any kind that are larger than 5% of the share value cannot be automatically reinvested. You may not combine funds from eligible cash distributions with any funds you deposit into your Account to make automatic reinvestment purchases.

4. Dividend Reinvestment Transactions in Eligible Securities
We will combine cash distributions from your account with those from other customers requesting reinvestment in the same security and use these funds to purchase securities for both you and these other customers. We will credit to your account the number of shares equal to the amount of your funds to be reinvested in a particular security, divided by the purchase price per share. If several purchase transactions are required to reinvest your and other customers' eligible cash distributions in a particular security, the purchase price per share will be the weighted-average price per share for all such shares purchased. Timing of purchases is subject to our discretion.

5. Partial Shares
Automatic reinvestment of your eligible cash distributions may give you interests in partial shares of securities, which we will calculate to four decimal places. You will be entitled to receive dividend payments proportionate to your partial share holdings. If an account is transferred, if a stock undergoes a reorganization or if stock certificates are ordered out of an account, those partial share positions that cannot be transferred or reorganized will be liquidated at prevailing prices. Partial shares are not available to be issued out of an account in certificate form. We will not charge a commission for these transactions. Timing is subject to our discretion. You will also be entitled to receive proxy voting materials and voting rights proportionate to your partial shares, except in certain types of corporate reorganizations. In mandatory corporate reorganizations, your partial shares will be handled according to the terms of the particular reorganization. In voluntary reorganizations, instructions you give us will be applied only to your whole shares.

If there is a rights offering to holders of an eligible security, we will cause the rights, accruing to all partial shares of that security subject to the Schwab StockBuilder Plan®, to be sold, and we will invest the proceeds in shares of that security. Automatic dividend reinvestment may give you a partial share position in securities that are callable in part. In the event of a call, the partial shares to be called will be selected in an automated random selection in which the probability of your holdings being selected is proportional.
to the holdings of all Schwab customers who hold partial share posi-
tions in that security.

You have the right to withdraw from your account cash-in-lieu of your
uncalled, fully paid, partial share positions before the publication date of a
particular call. You have the right to liquidate fractional shares anytime,
regardless of whether or not a call has been announced. Once a call has
been announced (the “publication date”), all shares participate in the
random call process, regardless of whether they are registered or held in
street name. If you no longer have the shares you had on publication date
and your position is called, you will need to cover those shares.

6. Confirmations and Statements
All transactions made through the Schwab StockBuilder Plan® will be
confirmed on your regular monthly or quarterly account statement. You
may also obtain information by calling our toll-free number.

7. Continuing Effect of Authorization; Termination
You authorize us to purchase for your account shares of the securities
you have selected for the Schwab StockBuilder Plan®. Authorizations
under this section will remain in effect until you give us notice to the
contrary at least one Business Day before the day on which cash divi-
dends are paid. This notice will not affect any obligations resulting from
transactions initiated before we receive the notice.

8. Automatic Dividend Reinvestment Transactions
in The Charles Schwab Corporation Stock
If you add or remove the Schwab StockBuilder Plan® and hold stock of
The Charles Schwab Corporation (“SCHW”) in your Schwab Retirement
Plan Brokerage Account, you must notify us by telephone or in writing at
least one Business Day before the day on which dividends or other
eligible cash distributions are payable for SCHW stock securities.

We will appoint an independent bank or broker-dealer other than Charles
Schwab & Co., Inc. to act as buying agent for automatic reinvestment of
eligible cash distributions in SCHW stock. We may change this buying
agent anytime. We will pay all brokerage commissions or service
charges assessed by the buying agent that apply to automatic reinvest-
ment transactions in SCHW stock. We will also bear all administrative
costs of the Schwab StockBuilder Plan® that are associated with rein-
vestment in SCHW stock.

We will promptly forward to the buying agent all eligible cash distribu-
tions that we receive from SCHW for Schwab StockBuilder Plan® partici-
pants. The buying agent will use all funds it receives on behalf of Plan
participants to purchase shares of SCHW stock in the open market. The
buying agent may buy such shares through us or through another bro-
ker-dealer. Shares purchased by the buying agent will be delivered to us
as your administrative agent. We will credit your account with the num-
er of SCHW shares equal to the amount reinvested on your behalf
divided by your price per share. Your price per share will be the
weighted-average price of all SCHW shares purchased for Schwab
StockBuilder Plan® participants by the buying agent with the funds from
a particular eligible cash distribution.

If there is an exchange or a tender offer for shares of SCHW stock, we
will promptly supply requests for instructions to each account holder who has
chosen SCHW stock for the Schwab StockBuilder Plan®. We will not act
on these exchange or tender offers without your specific instructions.

Electronic Services Agreement
This Electronic Services Agreement amends your brokerage account
agreement(s) and replaces any prior agreement between you and
Schwab regarding your use of the Electronic Services.

1. Use of Electronic Services
Scope of the Agreement—This Electronic Services Agreement (the
“Agreement”) between you and Schwab states the terms and conditions
that govern your use of Schwab’s Electronic Services. It is part of your
brokerage account agreement.

The term “we,” when used below, means Schwab. The term “Electronic
Services” includes all of Schwab’s computer, telephonic, facsimile,
email or wireless services or systems. This includes services and infor-
mation accessible through Schwab, or service providers used by Schwab,
including, but not limited to:
• Schwab’s proprietary software such as Velocity® and StreetSmart Pro®;
• Schwab’s website;
• Schwab’s computers and networks that are accessible externally;
• Schwab by Phone™ and TeleBroker®;
• Schwab’s wireless services, including Schwab Wireless; and
• Any other computer, telephonic or wireless securities trading services
or information system Schwab provides to you, including successors to
the systems described above.

Services Provided—Schwab’s Electronic Services allow you to enter
orders to buy and sell certain securities, stock options and mutual
funds within your Schwab account, and to access securities price
quotations, investing information and your personal account informa-
tion. The Electronic Services are accessible via computer, telephonic
or wireless transmissions for use on compatible personal, home or
small-business computers, including Internet appliances with
modems, terminals and network computers, as well as various wire-
less devices. You understand that in order for Schwab’s Electronic
Services, including future services available from Schwab, to perform
to your satisfaction, or at all, you are solely responsible for the hard-
ware, software or other technology you use to access Schwab’s
Electronic Services. Schwab will not be responsible for any service
difficulties resulting from your failure to possess technology adequate
to use Schwab’s Electronic Services to your satisfaction.

Your Agreement—By using Schwab’s Electronic Services, you agree to
comply with the terms and conditions of this Agreement. Schwab has
the right to modify or terminate this Agreement in any way at any time,
and we will provide you with notice of any modifications. You further
agree to abide by any rules, procedures, standards, requirements or
other conditions we may establish in connection with the use of our
Electronic Services or any other electronic communications services
made available by Schwab.

2. Risks of Electronic Trading
Access to the Electronic Services may be limited or unavailable during
periods of peak demand, market volatility, systems upgrades or mainte-
nance, or for other reasons. If the Electronic Services are unavailable or
delayed at any time, you agree to use alternative means to place your
orders, such as calling a Schwab representative or visiting one of our
Investor Centers. Schwab will not be liable to you if you are unable to
access your account information or request a transaction through the
Electronic Services. (See “Limitations of Liability,” Section 5.)

When you use the Electronic Services to place a trade order, you
acknowledge that your order may not be reviewed by a registered represen-
tative before being routed to an exchange for execution and you also
will not have the opportunity to ask questions or otherwise interact with
a Schwab representative.

By placing a trade order through the Electronic Services, you voluntarily
agree to assume any added risk that may result from the lack of human
review of your order in exchange for the reduced commissions and
potentially greater convenience of electronic trading.

Schwab posts “Urgent Notification” on its website to alert you to vari-
ous Electronic Services and market conditions issues. You agree that
you will read any Urgent Notification before placing orders through the
Electronic Services and will be deemed to have knowledge of any such
Urgent Notification that is posted when you place an order.

3. Fast and Volatile Market Conditions
During periods of heavy trading and/or wide price fluctuations (“Fast
Markets”), there may be delays in executing your order or providing
trade status reports to you. In addition, if you place a market order in a
Fast Market, there may be a significant difference in the quote you
receive prior to or at the time you place the order and the execution price you receive.

If the Electronic Services are available, and you decide to place an order in fast or volatile market conditions, you agree to accept full responsibility for that order. If Schwab believes any particular stock is or may be volatile, Schwab may, but is not obligated to, decline to allow customers to place orders for that stock through the Electronic Services. In addition, Schwab reserves the right, but is not obligated, to prevent any IPO stock from being traded through the Electronic Services. In either of these situations, you or your advisor, if you have one, may be required to contact a Schwab representative to assist you with transactions in these stocks. Schwab is not liable to you for any losses, lost opportunities or increased commissions that may result from you being unable to place orders for these stocks through the Electronic Services.

4. Financial Market Information; No Warranty

Financial Information—Schwab’s Electronic Services make available certain financial market data, quotes, news, research and opinions (including Research Reports, as defined below) or other financial information (collectively, “Information”) that has been independently obtained by certain financial market information services, financial publishers, various securities markets including stock exchanges and their affiliates, investment bankers and other providers (collectively, the “Information Providers”) or has been obtained by Schwab. Schwab does not guarantee or certify the accuracy, completeness, timeliness or correct sequencing of the Information made available through Schwab, the Information Providers or any other third party transmitting the Information (the “Information Transmitters”).

You agree that neither Schwab, the Information Providers nor the Information Transmitters shall be liable in any way for the accuracy, completeness, timeliness or correct sequencing of the Information, or for any decision made or action taken by you relying upon the Information. You further agree that neither Schwab, the Information Providers nor the Information Transmitters will be liable in any way for the interruption of any data, Information or other aspect of Schwab’s Electronic Services. You understand that none of the Information (including Research Reports) available through Schwab’s Electronic Services constitutes a recommendation or solicitation that you should purchase or sell any particular security.

Research Reports—Schwab’s Electronic Services make available analyst research and opinions (“Research Reports”) that may be prepared by Schwab or one of its affiliates, or by various third-party investment bankers or other entities providing analysis, research and opinions (“Third-Party Research Providers”). Schwab does not endorse or approve Research Reports prepared by Third-Party Research Providers, and only makes such Research Reports available to you as a service and convenience. Schwab and the Third-Party Research Providers do not (1) guarantee the accuracy, timeliness, completeness or correct sequencing of the Research Reports, or (2) warrant any results from your use of the Research Reports. The Research Reports have been prepared as of the date indicated and may become unreliable for various reasons, including, for example, changes in market or economic circumstances. Schwab and each Research Provider are not obligated to update any information or opinions contained in any Research Report, or to continue to offer Information or Research Reports regarding any company or security. You acknowledge that recommendations in the Research Reports to buy, sell, hold or otherwise consider particular securities are not, and should not be construed as, recommendations or advice to you designed to meet your particular objectives or financial situation. From time to time, Schwab and/or a Research Provider may be unable to provide Research Reports with respect to certain companies with which Schwab and/or a Research Provider, or their respective affiliates, have certain business relationships.

Disclaimer of Warranties—There is no warranty of merchantability, no warranty of fitness for a particular use and no warranty of noninfringe-ment. There is no other warranty of any kind, express or implied, regarding the Information, including Research Reports or any aspect of Schwab’s Electronic Services (including, but not limited to, Information access and order placement or execution).

Agreement Not to Contact Analyst—You agree not to contact any individual or analyst who is an author of, or who is named on, any Research Report, or any representative of any Information or Research Provider.

Arbitration—You agree that any controversy which may arise between yourself and any Third-Party Information or Research Provider and any of their officers, directors, affiliates and employees shall be resolved in arbitration in accordance with the terms and conditions of the arbitration agreement(s) entered into between you and Schwab at the time you opened your Schwab account(s), and as amended from time to time.

Disclosure of Potential Relationships—Schwab and/or its employees or directors as well as consultants to Schwab may have, or may have clients with, positions in securities or companies referenced in Information, including Research Reports, and may, as principal or agent, buy from or sell to customers. From time to time, Schwab may perform investment banking or other services for, or solicit such services from, companies mentioned in Information.

Securities Professionals May Not Use Research Reports in Their Business—If you are a securities broker, dealer or investment banker, by requesting or receiving any Research Reports, you agree not to use any such Research Reports for any purpose related to your business.

5. Limitations of Liability

Limitation of Damages—Schwab, the Information Providers, Information Transmitters, Third-Party Research Providers and any other person involved in transmitting Information will not be liable under any circumstances for any consequential, incidental, special or indirect damages even if you advise them of the possibility of such damages. This includes, but is not limited to, claims for lost profits, trading losses and damages that may result from the use, inconvenience, delay or loss of use of the Information or for omissions or inaccuracies in the Information. As a condition to accessing or receiving the Information, you expressly agree to waive any claim you may have against Schwab, any Information Provider, Research Provider or any other persons involved in transmitting any Information Schwab makes available to you.

By accessing or receiving Information, you agree that the liability of Schwab, the Information Providers, the Third-Party Research Providers or any other persons involved in transmitting Information arising out of any legal claim (whether in contract, tort or otherwise) in any way connected with Schwab’s Electronic Services or Information will not exceed the amount you originally paid for the Electronic Services related to your claim.

Some jurisdictions do not allow limitations on how long implied warranties last, the exclusion or limitation of incidental or consequential damages or the exclusion or certain implied warranties, so that these disclaimers and limitations may not apply to you. This Agreement gives you specific legal rights. You may also have other rights which vary from jurisdiction to jurisdiction.

No Liability for Events Outside of Entities’ Direct Control—Schwab, the Information Providers, Information Transmitters, Third-Party Research Providers and any other person involved in transmitting Information will not be liable for any loss that results from a cause over which that entity does not have direct control. Such causes include, but are not limited to: (1) the failure of electronic or mechanical equipment or communication lines; (2) telephone or other interconnect problems; (3) bugs, errors, configuration problems or the incompatibility of computer hardware or software; (4) the failure or unavailability of Internet access; (5) problems with Internet service providers or other equipment or services relating to your computer or network; (6) problems with intermediate computer or communications networks or facilities; (7) problems with data transmission facilities or your telephone, cable or wireless service; or (8) unauthorized access, theft, operator errors, severe weather, earthquakes, other natural disasters or labor disputes.

Schwab is also not responsible for any damage to your computer, software, modem, telephone, wireless device or other property resulting in any way from your use of Schwab’s Electronic Services.
6. Consent to Email Communications and Opting Out
By entering into a customer Account Agreement with Schwab or by subscribing to a Schwab Electronic Service, you are consenting to the receipt of electronic mail (“email”) from us. We may send you emails about services and products we believe may be of interest to you. You may opt out of future emails about products or services by following instructions in our privacy policy, on our website, or contained in an email that you receive from us. We reserve the right, however, to email you important information relating to your account, including regulatory communications.

7. Use of Proprietary Information
The Information provided is the property of Schwab, the Information or Third-Party Research Providers or their licensors, and is protected by applicable copyright law. You agree not to reproduce, retransmit, disseminate, sell, distribute, publish, broadcast, circulate or commercially exploit the Information in any manner without the express written consent of Schwab, the Information or Third-Party Research Providers, or any other person with the authority to give such consent. You agree that you will not use the Information for any unlawful purpose. You further agree to comply with all reasonable written requests from Schwab intended to protect the Information and Third-Party Research Providers’ and Schwab’s respective rights in the Information and Electronic Services.

8. Use of Quotes
You agree to use the quotes only for your individual use in your business. You will not furnish the quotes to any person or entity other than an officer, partner or employee of your business. If you are a securities professional, such as an investment advisor, you may occasionally furnish a limited number of quotes to your customers and clients, but solely in the regular course of your securities business. If you furnish quotes to your customers and clients who are not on your premises, you may do so solely (i) in written advertisements, educational material, sales literature or similar written communications or (ii) during telephonic voice communication not entailing the use of computerized voice synthesization or similar technology. You shall not permit any customer or client to take physical possession of “your equipment” (i.e., the equipment that you use to receive, display or otherwise use quotes). You shall abide by any additional limitations on use of quotes that Schwab may specify in the future.

9. Order Change or Cancellation Requests
You acknowledge that it may not be possible to cancel a market or limit order once you have placed it, and you agree to exercise caution before placing all orders. Any attempt you make to cancel an order is simply a request to cancel. Schwab processes your requests to change or cancel an order on a best-efforts basis only and will not be liable to you if Schwab is unable to change or cancel your order. Market orders (including marketable limit orders), in particular, are subject to immediate execution and as a general rule cannot be canceled once entered during market hours and shortly before market opening. If you wish to try to change or cancel your market order, you agree to call a Schwab representative to assist you. Attempting to cancel and replace or change a market order through the Electronic Services can result in the execution of duplicate orders, which ultimately are your responsibility. If an order cannot be canceled or changed, you agree that you are bound by the results of the original order you placed.

10. No Legal or Tax Advice
You acknowledge that Schwab does not give legal advice or tax advice. However, we may provide you with general tax and estate planning information and principles. You agree that these principles do not apply to your specific circumstances or take into account your comprehensive tax or estate planning situation. For that type of assistance, you agree to consult your own tax or legal advisor.

11. Investment Advice
You agree and acknowledge that when you use the Electronic Services, you, or you and an Investment Advisor other than Schwab, if you have one, are responsible for determining the nature, potential value of any particular investment strategy, transaction (including futures transactions) or security (including equities and options). Schwab has no responsibility under any circumstance for any such determination unless we otherwise agree with you in writing or unless Schwab gives advice directly to you that is clearly identified as a Schwab recommendation for you to enter into a particular transaction or transactions, or to buy or sell a particular security or securities. You agree that any such Schwab recommendation will remain in effect only for as long as we tell you that it will remain in effect at the time we make the recommendation. Unless we otherwise agree with you in writing, Schwab does not monitor your Account and has no obligation to update any investment recommendation we give you.

Orders May Not Be Manually Reviewed. You understand and acknowledge that when you place orders using Schwab’s Electronic Services, those orders may be sent directly to an exchange without being viewed by an individual Schwab representative. You acknowledge that you bear the entire risk and agree to accept full responsibility for the orders you place. You further agree to release Schwab from any liability for executing the orders you place using Schwab’s Electronic Services.

12. Access, Passwords and Security
You will be responsible for the confidentiality and use of your access number(s), password(s) and account number(s). You agree not to hold Schwab liable for any damages of any kind resulting from your decision to disclose your access number(s), password(s) or account number(s) to any third party, including, but not limited to, entities that aggregate account information or website content, or persons who are or claim to be acting as your agent, proxy or Investment Advisor. If you inform Schwab or Schwab has reason to believe that the security of your account password may be or has been compromised, we have the right to terminate your use of Electronic Services. You will be responsible for all orders entered through and under your access number(s), password(s) and account number(s), and any orders so received by Schwab will be deemed to have been received from you. All orders shall be deemed to be made at the time received by Schwab and in the form received. You agree to notify Schwab immediately if you become aware of:

• Any loss or theft of your access number(s), password(s) and/or account number(s); or
• Any unauthorized use of any of your access number(s), password(s) and/or account number(s), or of the Electronic Services or any Information; or
• Any failure by you to receive a message that an order initiated by you through the Electronic Services has been received and/or executed through the Electronic Services; or
• Any failure by you to receive accurate written confirmation of an order or its execution within five Business Days after entering the order through the Electronic Services; or
• Any receipt of confirmation of an order that you did not place, or any similarly inaccurate or conflicting report or Information.

13. Data Transmission
You acknowledge that data, including email, electronic communications and personal financial data, may be accessed by unauthorized third parties when communicated between you and Schwab, Information Providers or Information Transmitters, using the Internet, other network communications facilities, telephone or any other electronic means. You agree to use software produced by third parties, including, but not limited to, “browser” software that supports a data security protocol compatible with the protocol used by Schwab. Until notified otherwise by Schwab, you agree to use software that supports the Secure Socket Layer (SSL) protocol or other protocols accepted by Schwab and to follow Schwab’s logon procedures for Electronic Services that support such protocols. You acknowledge that Schwab is not responsible for
notifying you of any upgrades, fixes or enhancements to any such software or for any compromise of data transmitted across computer networks or telecommunications facilities, including, but not limited to, the Internet.

14. Use of Software, Programs, Applications or Other Devices to Access Electronic Services

With the exception of applications commonly known as web browser software, or other applications formally approved by Schwab in writing, you agree not to use any software, program, application or any other device to access or log on to Schwab’s computer systems, website or proprietary software, or to automate the process of obtaining, downloading, transferring or transmitting any content, information or quotes to or from Schwab’s computer systems, website or proprietary software.

15. Subscription, Service and Use Fees

You agree to pay all subscription, service and use fees, if any, that you are charged by Schwab or its designee for Schwab’s Electronic Services. These fees can include, without limitation, any Research Report fees. You agree that these fees can be changed without notice. Schwab reserves the right to enter into fee-sharing arrangements with applicable Information Providers, Information Transmitters, and Third-Party Research Providers.

Payment of Fees. Upon requesting a Research Report, you shall instruct Schwab or its designee to charge the related fee, if any, to a designated Visa® or MasterCard®. If appropriate, you can also elect to charge the fees to your account. You agree to pay all costs (including attorneys’ fees), if any, incurred by Schwab in collecting overdue fees from you. You also agree to pay all federal, state and local taxes resulting from your use or receipt of the Research Reports. You agree to grant Schwab a continuing security interest in the assets in your Schwab brokerage account(s), if any, to secure the timely payment of all fees owed by you for the Research Reports as well as any other amounts owing under this Agreement or your other agreements with Schwab. If Schwab charges you a fee for Research Reports, Schwab may assign this Agreement only with your consent, to the extent allowed by applicable law.

16. Account Restrictions

If there is a restriction on your account(s) at Schwab, your use of the Electronic Services’ trading functions will be so restricted with respect to such account(s). Further, Schwab reserves the right in its sole discretion to require a cash or equity deposit at any time and to determine the adequacy of any such deposit prior to the execution of any transaction through the Electronic Services. Schwab will not be responsible for any delay or failure to provide the Electronic Services, including the execution of any securities order, in the event there is a restriction on your account, you lack sufficient funds in your account or you delay or fail to make a required cash or equity deposit.

17. Indemnification

You agree to defend, indemnify and hold Schwab, the Information Providers and the Information Transmitters harmless from and against any and all claims, losses, liability costs and expenses (including, but not limited to, attorneys’ fees) arising from your violation of this Agreement, state or federal securities laws or regulations, or any third party’s rights, including, but not limited to, infringement of any copyright, violation of any proprietary right and invasion of any privacy rights. This obligation will survive the termination of this Agreement.

18. Our Ability to Suspend or Terminate Electronic Services

Schwab reserves the right to suspend or terminate your access to its Electronic Services or any portion of them (including, without limitation, the Information [including Research Reports]) in its sole discretion, without notice and without limitation, for any reason whatsoever. Schwab may suspend or terminate your access to its Electronic Services for reasons including, but not limited to, the unauthorized use of your account access information, breach of this Agreement, discontinuance of Schwab’s access to any Information or any other data from any Information Provider or any other data from any other Research Provider, or termination of one or more agreements between Schwab and Information Providers, Third-Party Research Providers or Information Transmitters. Schwab, the Information Providers, the Third-Party Research Providers and the Information Transmitters shall have no liability to you for suspending or terminating your access to Schwab’s Electronic Services, provided, however, that if Schwab’s suspension or termination is without cause, Schwab will refund the pro rata portion of any fee you may have paid for the portion of the Information and/or Electronic Services not furnished to you as of the date of suspension or termination.

19. Electronic Communications

The Electronic Services you access by computer provide you with the capability to send electronic communications, such as email, directly to Schwab and interact within applicable areas of the Electronic Services. You agree to the following terms with respect to your use of electronic communications through the Electronic Services:

- You will not transmit securities trade orders to Schwab using electronic communications except through those electronic features designated by Schwab for the express purpose of placing trade orders. You acknowledge that Schwab will not act upon trade orders transmitted through electronic communications other than orders you transmit through designated trade order features;
- Schwab shall be entitled, but is not obligated, to review or retain your electronic communications for, among other reasons, monitoring the quality of service you receive, your compliance with this Agreement and the security of the Electronic Services. Schwab is entitled to disclose your electronic communications to the same extent it may disclose other information about you or your account(s) as provided elsewhere in your Account Agreement(s). In no event will Schwab be liable for any costs, damages, expenses or any other liabilities incurred by you as a result of such activities by Schwab;
- You will not use any electronic communication feature of the Electronic Services for any purpose that is unlawful, abusive, harassing, libelous, defamatory, obscene or threatening. You will not use the Electronic Services to solicit Schwab customers or others or participate in the solicitation of Schwab customers or others for any purpose;
- You will not upload, post, reproduce or distribute any information, software or other material protected by copyright or any other intellectual property right (as well as rights of publicity and privacy) without first obtaining the permission of the owner of such rights;
- You will not in any way express or imply that the opinions in your electronic communications are endorsed by Schwab without the prior written consent of Schwab;
- If you use the Electronic Services that you access by computer, you agree to provide Schwab with your email address, promptly provide Schwab with any changes to your email address and access electronic communications from Schwab at the email address you specify; and
- You agree to be bound by any affirmation, assent or agreement you transmit through the Electronic Services you access by computer, including, but not limited to, any consent you give to receive communications from us solely through electronic transmission. You agree that, when in the future you click on an “I agree,” “I consent” or other similarly worded “button” or entry field with your mouse, keystroke or other computer device, your agreement or consent will be legally binding and enforceable and the legal equivalent of your handwritten signature.

20. General

You acknowledge that, in providing you with the Electronic Services, Schwab has relied upon your agreement to be bound by the terms of this Agreement and any user or license agreement(s) related to or accompanying Electronic Services—related software. You further acknowledge that you have read, understood and agreed to be bound by the terms of (i) the user license agreement of any Electronic Services—related software, and (ii) the terms of Schwab’s brokerage account...
agreement(s) and any other agreement with Schwab that applies to your account(s), all as currently in effect and amended from time to time.

21. Modifications
This Agreement may be modified by Schwab upon written notice to you, provided, however, that if Schwab sends you written notice, via electronic communication or otherwise, of a modification, you confirm your acceptance of the modification by not closing and/or by continuing to use your account.

22. Governing Law
This Agreement, and all future agreements you shall enter into with Schwab, unless otherwise indicated on such other agreement, shall be governed by the law (but not the choice of law doctrines) of the state of California. This is the case regardless of whether you reside or transact business with Schwab in California or elsewhere, except that arbitration provisions shall be governed by the Federal Arbitration Act.

23. Third-Party Beneficiaries
You and Schwab acknowledge and agree that each Information Provider, Information Transmitter and Third-Party Research Provider is an intended third-party beneficiary of this ESA to the extent that the Electronic Services include Information or Research Reports (“Third-Party Beneficiaries”). Each Third-Party Beneficiary is entitled to rely upon all rights, representations, warranties and covenants made by you in this ESA to the same extent as if each Third-Party Beneficiary was a party to this ESA with respect to their own Information or Research Reports. For the avoidance of doubt, all rights and benefits granted under this Agreement to Schwab will also be deemed granted directly to each Third-Party Beneficiary as set forth above. Otherwise, no third party will be deemed to be an intended or unintended third-party beneficiary of this Agreement.

Schwab Option Agreement

Terms and Conditions
In consideration of our accepting your orders to trade option contracts for your Account, you agree that the following terms and conditions apply to your Account, in addition to the other terms and conditions contained in the Schwab Account Agreement applicable to your Account.

1. Risks of Option Trading
The purchase or writing of option contracts involves a high degree of risk and is not suitable for all investors.

By applying to add the option trading feature to your Account, you represent that you:

- Understand the risks inherent in option trading;
- Are financially able to withstand option trading losses, including the loss of your entire investment; and
- Have determined that option trading is suitable for you, considering your financial situation and investment objectives.

Neither Schwab nor its officers, employees, or agents are authorized to give tax advice. You should consult a professional tax advisor regarding the tax effect of option transactions in your Account.

2. OCC Disclosure Document
When we approve your Account for option trading, we will give you the booklet “Characteristics and Risks of Standardized Options,” published by the Options Clearing Corporation (the “OCC Disclosure Document”). You agree not to enter any orders for option transactions until you have read and understood the OCC Disclosure Document. Any information contained in the OCC Disclosure Document, including information regarding the federal income tax consequences of option transactions, is subject to change.

3. Importance of Accuracy on Your Application
You represent that the information you have provided on the Add Options Trading and Margin to Your Account application is accurate. You agree to notify Schwab if there are important changes in the investment objectives or financial situation you have described in your application.

4. Provision of Services
When we approve your Account for option trading, we will act as your broker to purchase, sell, assign, transfer, exercise, endorse, clear, or otherwise handle puts, calls, and other contracts relating to securities, securities-related indexes, and other underlying instruments. You agree that if you place orders for option trading in more than one market, we may use our discretion logic in selecting the market in which to enter your order in the absence of specific instructions from you. We may, at our discretion and without notice, restrict or prohibit option trading or certain types of option transactions or specific option transactions in your Account.

5. Payment
Option transactions are settled on the first business day after the day your order is executed. We may decline to accept your order to purchase or write option contracts if there are not sufficient cleared funds (that is, funds on which no holds or other restrictions are imposed) available in your Account to pay the purchase price, if you do not have sufficient equity in your Account to meet applicable equity requirements, or for other reasons subject to our discretion. In all cases, option transactions must be settled on the first business day after the day your order is executed, and it is your responsibility to deposit necessary funds and maintain sufficient equity in the Account.

6. Covered Option Transactions
If you are approved for covered options transactions only, you may only sell call option contracts or purchase put option contracts when you have the securities underlying the contracts sold or purchased on deposit in your Account.

7. Maintenance of Required Equity and Liquidation
If you write option contracts, you agree to maintain equity collateral in your Account in accordance with the terms of the Account Agreement. If you do not maintain enough equity in your Account to secure your option obligations adequately, or if you do not satisfy, in a timely manner, any money or collateral call (relating to settlement of a trade or otherwise), we can (but are not required to), without prior notice, take any action with respect to and for your Account that we, in the reasonable exercise of our business judgment, consider necessary for our protection. Holders of long options in a retirement Account MUST have a cash balance equal to or greater than the requirement to exercise the options in the account on the last trading day prior to expiration, or we may close out the position in the open market on a “best-effort” basis prior to market close. Whenever it is necessary for our protection or to satisfy a deficiency, debit, or other obligation owed us, we can (but are not required to) sell, assign, and deliver all or any part of the securities and other property in your Account securing your obligations, or close any or all transactions in your Account. With respect to your option transactions associated with your retirement Account, Schwab will not seek collateral from any of your other accounts as security for your obligations in your retirement Account.

It is our policy to attempt to contact you, when practicable, before taking any action described in this section by sending you a margin call or money-due notice (hereinafter referred to as either a “margin call” for standard margin accounts or a “money-due notice” for IRA-margin and cash accounts). However, we reserve the right to take any such action without prior notice or demand for additional collateral, and free of any right of redemption. Any prior demand, call, or notice will not be considered a waiver of our right to sell or buy without demand, call, or notice.

We can choose which securities or other property in your Account to buy or sell, which transactions to close, and the sequence and timing of liquidation. We may take such actions on whatever exchange or market and in whatever manner (including public auction or private sale) that
we choose in the exercise of our business judgment. You agree not to hold us liable for the choice of which securities or other property to buy or sell, or of which transactions to close, or for the timing or manner of the liquidation.

You agree to pay on demand any account deficiencies after liquidation, whether liquidation is complete or partial. You are responsible for monitoring the status of your Account, for ensuring that sufficient collateral is maintained in the account, and for liquidating positions to minimize losses. Any action we take or do not take to issue a money-due notice or liquidate collateral is undertaken solely to protect our interest. You agree that we do not have any responsibility to issue a money-due notice, to liquidate positions in your Account, or to select the securities to be liquidated or the manner or timing of the liquidation in order to prevent or minimize losses to you.

8. Short Option Positions
If you write a call option contract, you agree to honor all option contract assignments by delivering to us the underlying securities in negotiable form or cash (in the case of index options) at the times prescribed by the securities exchanges and/or the Financial Industry Regulatory Authority.

If you fail to do so, we may act as your agent to buy in such securities at the current market price and deliver these securities or cash to fulfill your delivery commitment. We may exercise our discretion regarding the timing and manner of any such purchases.

In case the following situations occur:
- You write a call option contract in a security that becomes subject to a reorganization transaction (such as a tender offer or other offer in which value is offered in exchange for or with respect to ownership of such security); and
- You are assigned an exercise notice on such contract; and
- You are unable to cover your obligation to deliver, either through delivery of the security to us or our buying in the position; then
  - You agree to pay us the losses that we sustain as a result of your failure to deliver.

If you write a put option contract, you agree to honor all option contract assignments in a timely manner. You agree to pay all expenses, fees, commissions, and/or losses (including taxes) incurred as a result of the transactions described above.

In addition, according to our business judgment, we will pair options positions in the Account that constitute a spread position. You agree to accept the matching logic employed by Schwab to determine spread pairings and you agree to maintain sufficient equity in your Account to meet the equity requirements that may result from such pairings as determined by Schwab in its business judgment.

9. Exercises
If you exercise a long option contract, you agree to pay the full aggregate exercise price or deliver the underlying securities as required by the option contract. We’ll accept exercise instructions for same-day execution on business days prior to 4:00 p.m. ET for index option contracts, and prior to 5:00 p.m. ET for equity option contracts. We will accept exercise instructions until 5:00 p.m. ET on the last trading day of expiring options.

You acknowledge that the Options Clearing Corporation (OCC) and the national securities exchanges have established cutoff times for delivering exercise instructions. Your long option contracts may expire worthless if you do not deliver your instructions by the expiration time noted in the OCC Disclosure Document. We are not obligated to give you prior notice of option expiration dates, and you will have sole responsibility for taking action to exercise an option contract before the option expires.

However, if you hold in your Account long equity option contracts that are greater than or equal to $0.01 in-the-money, and we do not receive exercise instructions from you on the last trading day of the option, we may, according to our business judgment (but are not required to), take action.

We may place a market order to sell the long option position at or before, according to our business judgment, market close on the last trading day of the expiring option. We may instruct the OCC not to exercise valuable options. Or we may exercise valuable option contracts for your Account, and in the absence of instructions from you, new positions we create in this way may be closed out at the opening of the next business day. We may exercise for cash settlement long index option contracts that are any amount in-the-money.

If you do not notify us to exercise a valuable option contract by the prescribed time and the right to exercise expires, you agree to waive, and to release us and our officers, employees, and agents from, any and all claims of damage or loss, then or at a later time sustained, as a result of an option contract not being exercised.

10. Option Contract Assignments
We allocate option contract assignment notices among customer short positions according to an automated procedure. This procedure randomly selects from among all customer short option positions (including positions established on the date of option contract assignment) those contracts that are subject to exercise. All American-style short option positions are liable for option contract assignment at any time. You acknowledge that the option contract assignment process may result in multiple partial option contract assignments and/or multiple transactions to fulfill a single option contract assignment, and a separate commission charge will apply to each partial option contract assignment or transaction needed to complete an option contract assignment.

At your request, we will furnish you with a more detailed description of the automated option contract assignment process.

11. Position and Exercise Limits; Rules
You agree that you will not, acting either individually or together with others, directly or indirectly:
- Hold or control any number of option contracts that exceed the position limitations; or
- Exercise a long position in any option contract that exceeds the exercise limitations, all as set from time to time by the exchanges or markets where such option contracts are traded.

We may, at our discretion and without prior notice, impose house option position limitations.

All option trading activity in your Account will be conducted according to the constitutions, rules, regulations, and usages of the Options Clearing Corporation, the Financial Industry Regulatory Authority, and any applicable exchange and/or regulatory agency.

12. Account Agreement
All option transactions will be conducted through your Account and are subject to the Account Agreement between you and Schwab. As used here, “Account Agreement” means the following: the terms and conditions stated in this Option Agreement; the applicable Schwab Account Application; the applicable Schwab Account Agreement; the Margin and Short Account Agreement and Trading Options Spreads in Your IRA Authorization Agreement, if any; the Money Market Fund Agreement, if any; and any other written agreements between you and Schwab, all as amended from time to time.
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Charles Schwab & Co., Inc. Individual Retirement Plan

Information pertaining to your:

- Traditional IRA Retirement Account
- Roth IRA Retirement Account
Introduction
The following document describes the Charles Schwab & Co., Inc. Individual Retirement Plan (the “Plan”), Charles Schwab & Co., Inc. (“Schwab”) will act as custodian of Individual Retirement Accounts (“IRAs”) established under the terms and conditions of the Plan. The IRA agreement between you and Schwab consists of the Plan, together with the Account Application you complete when you open your IRA, the Schwab IRA Account Agreement, the IRA Plan Adoption Agreement (if any), and any other written agreements between you and Schwab, all as amended from time to time.

If you have questions about the information contained in this document or any of our products and services, call us at our toll-free number: 1-800-435-4000. If you are a client of an independent investment advisor, please call your advisor directly, or call Schwab Alliance at 1-800-515-2157.

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Charles Schwab & Co., Inc. Individual Retirement Plan

Article I. Purpose of the Agreement

1.1 Purpose of the Agreement

The purpose of this Agreement is to establish either a Traditional IRA under Section 408(a) of the Code or a Roth IRA under Section 408A of the Code, as indicated on the Schwab IRA Account Application; to provide for the IRA Account Holder’s retirement; and for the support of his or her Beneficiary(ies) after death. The account is established for the exclusive benefit of the IRA Account Holder or his or her Beneficiaries. If this is an inherited IRA within the meaning of Section 408(d)(3)(C) of the Code, maintained for the benefit of a Designated Beneficiary of a deceased individual, references in this document to the “IRA Owner” are to the deceased individual.

1.2 Intent to Qualify

It is the intent of the IRA Account Holder that this Agreement shall qualify for approval under Section 408(a) of the Code if a Traditional IRA is selected on the Account Application or under Section 408A of the Code if a Roth IRA is selected on the Account Application. In no event will the Custodial account established under this Agreement operate as both a Traditional IRA and a Roth IRA.

1.3 For More Information

To obtain more information concerning the rules governing this Agreement, contact Charles Schwab & Co., Inc. (“Schwab”) at 1-800-435-4000.

Article II. Definitions

The following words and phrases when used in this Agreement with initial capital letters shall, for the purpose of this Agreement, have the meanings set forth below unless the context indicates that other meanings are intended:

2.1 Account Application

Means the document executed by the IRA Account Holder through which it adopts this Agreement and the Account Agreement and thereby agrees to be bound by all terms and conditions of this Agreement and the Account Agreement. As used in this definition, “Account Agreement” means the agreement the IRA Account Holder makes with Schwab when it opens a Schwab IRA, consisting of the IRA Application; the Account Agreement for the Schwab IRA; the IRA Plan Adoption Agreement (if any); the Charles Schwab & Co., Inc. Individual Retirement Plan; and any other written agreements between Schwab and the IRA Account Holder concerning the Schwab IRA, all as amended from time to time.

2.2 Agreement

Means this IRA prototype plan, including the Account Application that was completed and signed to establish this Agreement.

2.3 Beneficiary

Means the individual(s) or entity(ies) properly named to receive any remaining IRA benefits upon the death of the IRA Account Holder.

2.4 Code

Means the Internal Revenue Code of 1986, as amended from time to time.

2.5 Compensation

For purposes of Sections 3.1(A) and 4.1(A) of this Agreement, Compensation is defined as wages, salaries, professional fees, or other amounts derived from, or received for, personal services actually rendered (including, but not limited to, paid sales commissions, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, and bonuses) and includes earned income, as defined in Section 401(c)(2) of the Code (reduced by the deduction a self-employed IRA Account Holder takes for contributions made to a self-employed retirement plan). For purposes of this definition, Section 401(c)(2) of the Code shall be applied as if the term “trade” or “business” for purposes of Section 1402 of the Code includes service described in Section 1402(c)(6) of the Code. Compensation shall include any amount includable in an IRA Account Holder’s gross income under Section 71 of the Code with respect to a divorce or separation instrument described in subparagraph (A) of Section 71(b)(2) of the Code. Compensation also includes any differential wage payments as defined in Section 3401(h)(2) of the Code.

Compensation does not include amounts derived from, or received as earnings or profits from, property (including, but not limited to, interest and dividends) or amounts not includable in gross income (determined without regard to Section 112 of the Code). Compensation also does not include any amount received as a pension or annuity or as deferred compensation. In the case of a married individual filing a joint return, the greater compensation of his or her spouse is treated as his or her own compensation, but only to the extent that such spouse’s compensation is not being used for purposes of the spouse making an IRA contribution. For SEP Plans, compensation is defined in Section 414(s) of the Code as reflected in the SEP Plan.

2.6 Conversion Contribution

Means a rollover contribution described in Section 408A(e) of the Code from a Traditional, SEP IRA or SIMPLE IRA to a Roth IRA.

2.7 Custodian

Means Schwab, which has the approval of the IRS to act as the Custodian named on the Account Application, or its successor or eligible assignee. If Schwab is merged with another organization (or comes under the control of any Federal or State agency) or if its entire organization (or any portion of which includes this IRA) is purchased by another organization, that organization (or agency) shall automatically become the trustee or custodian of this IRA, but only if it is the type of organization authorized to serve as an IRA trustee or custodian.

2.8 Designated Beneficiary

A Designated Beneficiary means a Beneficiary who is a living individual or the underlying beneficiary of certain types of trusts that meet the requirements of Section 1.401(a)(9)-4, Q&A5 of the Treasury Regulations.

2.9 IRA

Means Traditional IRA or Roth IRA, unless otherwise indicated.

2.10 IRA Contribution Limit

Means $3,000 for 2002 through 2004, $4,000 for 2005 through 2007, and $5,000 on and after 2008. In addition, for individuals who have attained age 50 before the end of a calendar year, the IRA Contribution Limit is $3,500 for 2002 through 2004, $4,500 for 2005, $5,000 for 2006 through 2007, and $6,000 on and after 2008. These amounts reflect an investment by an individual IRA Account Holder. These amounts may be adjusted in $500 increments for cost-of-living after 2008.

2.11 IRA Account Holder

Means the individual whose name appears on the Account Application.

2.12 MAGI

Means an individual’s modified adjusted gross income for a taxable year as defined in Section 408A(c)(3)(C)(i) of the Code and does not include any amount included in adjusted gross income as a result of a rollover from a Traditional IRA (a “conversion”).

2.13 Prototype Sponsor

Means Schwab.

2.14 Roth IRA

Means an Individual Retirement Account as defined in Section 408A of the Code.
2.15 SEP IRA Contribution Limit
Means such limits as prescribed by Section 408(k) of the Code contributed by the employer. The SEP IRA Account Holder may also make a contributory IRA contribution within the IRA Contribution Limit described in Section 2.10.

2.16 SEP IRA
Means an Individual Retirement Account as defined in Section 408(a) of the Code, established by an individual to hold contributions made by his or her employer according to the employer’s SEP Plan.

2.17 SEP Plan
Retirement plan established according to Section 408(k) of the Code.

2.18 Traditional IRA
Means an Individual Retirement Account as defined in Section 408(a) of the Code and a SEP IRA, when applicable.

Article III. Provisions Governing Roth IRAs
Article III applies only if this IRA has been designated by the IRA Account Holder on the Account Application as a Roth IRA.

3.1 Contribution Rules
A. Maximum Permissible Amount.
Except in the case of a qualified rollover contribution (as defined in [H] below) or a recharacterization (as defined in [G] below), no contribution will be accepted unless it is in cash and the total of such contributions to all the individual’s Roth IRAs for a taxable year does not exceed the IRA Contribution Limit, or the individual’s Compensation, if less, for that taxable year. The contribution described in the previous sentence that may not exceed the lesser of the IRA Contribution Limit or the individual’s Compensation is referred to as a “regular contribution.” However, notwithstanding the preceding limits on contributions, an individual may make additional contributions specifically authorized by statute—such as repayments of qualified reservist distributions, repayments of certain plan distributions made on account of a federally declared disaster and certain amounts received in connection with the Exxon Valdez litigation.

B. Regular IRA Contribution Limit. If (i) and/or (ii) below apply, the maximum regular contribution that can be made to all the individual’s Roth IRAs for a taxable year is the smaller amount determined under (i) or (ii).

(i) The maximum regular contribution is phased out ratably between certain levels of MAGI in accordance with the following table:

<table>
<thead>
<tr>
<th>Filing Status</th>
<th>Full Contributions</th>
<th>Phase-Out Range Modified AGI</th>
<th>No Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single or Head of Household</td>
<td>$95,000 or less</td>
<td>Between $95,000 and $110,000</td>
<td>$110,000 or more</td>
</tr>
<tr>
<td>Joint Return or Qualifying Widow</td>
<td>$150,000</td>
<td>Between $150,000 and $160,000</td>
<td>$160,000 or more</td>
</tr>
<tr>
<td>Married Filing Separate</td>
<td>$0</td>
<td>Between $0 and $10,000</td>
<td>$10,000 or more</td>
</tr>
</tbody>
</table>

A Roth IRA Holder’s modified adjusted gross income (MAGI) for a taxable year is defined in Section 408A(c)(3) of the Code and does not include any amount included in adjusted gross income as a result of a qualified rollover contribution. If the individual’s MAGI for a taxable year is in the phase-out range, the maximum regular contribution determined under this table for that taxable year is rounded up to the next multiple of $10 and is not reduced below $200. After 2006, the modified adjusted gross income limits above will be adjusted by the Secretary of the Treasury for cost-of-living increases under Code section 408A(c)(3). Such adjustments will be in multiples of $1,000.

(ii) If the individual makes regular contributions to both Roth and Traditional IRAs for a taxable year, the maximum regular contribution that can be made to all the individual’s Roth IRAs for the taxable year is reduced by the regular contributions made to the individual’s Traditional IRAs for the taxable year.

C. Qualified Reservist Repayments. Notwithstanding the dollar limits on contributions, a Roth IRA Account Holder may make a repayment of a qualified reservist distribution described in Code section 72(t)(2)(G)
during the two-year period beginning on the day after the end of the active duty period.

D. Employees of Certain Bankrupt Employers. A Roth IRA Account Holder who was a participant in a qualified cash or deferred arrangement (as defined in Code section 401(k)) of a certain employer in bankruptcy described in Code section 219(c)(5)(D) may make catch-up contributions of up to $3,000 for taxable years beginning after 2006 and before 2010 only. A Roth IRA Holder who makes catch-up contributions under this section may not also make age 50 catch-up contributions.

E. SIMPLE IRA Limits. No contributions will be accepted under a SIMPLE IRA Plan established by any employer pursuant to Section 408(b) of the Code. Also, no transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE IRA Plan will be accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE IRA Plan, prior to the expiration of the two-year period beginning on the date the employee first participated in that employer’s SIMPLE IRA Plan.

F. Inherited IRA. If this is an inherited Roth IRA within the meaning of Section 408(d)(3)(C) of the Code, no contributions will be accepted.

G. Recharacterization. A regular contribution made to a Traditional IRA may be recharacterized pursuant to the rules in Section 1.408A-5 of the final Treasury Regulations as a regular contribution to this Roth IRA, subject to the limits in Article 3.1(A) of this Agreement.

H. Qualified Rollover Contribution. A qualified rollover contribution is a rollover contribution of a distribution from an eligible retirement plan described in Section 402(c)(8)(B) of the Code. If the distribution is from an IRA, the rollover must meet the requirements of Section 408(d)(3) of the Code, except the one-rollover-per-year rule of Section 408(d)(3)(B) of the Code does not apply if the rollover contribution is from an IRA other than a Roth IRA. If the distribution is from an eligible retirement plan other than an IRA, the rollover must meet the requirements of Sections 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) or 457(e)(16) of the Code, as applicable. A qualified rollover contribution also includes Articles 3.1(H)(1) and (2) of this Agreement.

(i) All or part of a military death gratuity or servicemembers’ group life insurance (SGLI) payment may be contributed if the contribution is made within one year of receiving the gratuity or payment. Such contributions are disregarded for purposes of the one-rollover-per-year rule under Section 408(d)(3)(B) of the Code.

(ii) All or part of an airline payment (as defined in Section 125 of the Worker, Retiree, and Employer Recovery Act of 2008 [WRERA], Pub. L. 110-458) received by certain airline employees may be contributed if the contribution is made within 180 days of receiving the payment.

I. Spousal Roth IRA Contributions. An IRA Account Holder filing a joint tax return whose Compensation is less than the Compensation of his or her spouse can make a maximum IRA contribution of the lesser of:

(i) The IRA Contribution Limit; or

(ii) The total Compensation of the IRA Account Holder and his or her spouse for the year, reduced by the sum of the spouse’s IRA Contributions for the year.

3.2 Distributions During Roth IRA Account Holder’s Lifetime
The Roth IRA Account Holder is not required to take distributions from his or her Roth IRA during his or her lifetime. At the Roth IRA Account Holder’s death, however, the Beneficiary or Beneficiaries must begin taking distributions in accordance with Article 5.5 of this Agreement. The Custodian will make no payouts to the IRA Account Holder from this Roth IRA until the Custodian receives from the Roth IRA Account Holder a written request for a distribution on a form provided by or approved by the Custodian.

A. Qualified Distributions. Qualified distributions from the IRA Account Holder’s Roth IRA (both the contributions and earnings) are excluded from gross income for the year in which they are distributed. A qualified distribution is a distribution which is made after the five-year period beginning with the first year for which the IRA Account Holder made any contribution to a Roth IRA (including a conversion from a Traditional
A Traditional IRA Account Holder who makes contributions of up to $3,000 for taxable years beginning after 2006 may make catch-up contributions under this section may not also make age 50 catch-up contributions.

E. SIMPLE IRA Limits. No contribution will be accepted under a SIMPLE plan established by any employer pursuant to Section 408(p) of the Code. No transfer or rollover of funds attributable to contributions made by a particular employer under its SIMPLE plan will be accepted from a SIMPLE IRA, that is, an IRA used in conjunction with a SIMPLE plan, prior to the expiration of the two-year period beginning on the date the IRA Account Holder first participated in that employer’s SIMPLE plan.

F. Spousal Traditional IRA Contributions. An IRA Account Holder filing a joint tax return whose Compensation is less than the Compensation of his or her spouse can make a maximum IRA contribution of the lesser of: (i) The IRA Contribution Limit; or (ii) The total Compensation of the IRA Account Holder and his or her spouse for the year, reduced by the sum of the spouse’s IRA Contributions for the year.

G. Inherited IRA. If this is an inherited Traditional IRA within the meaning of Section 408(d)(3)(C) of the Code, no contributions will be accepted.

H. Recharacterization. A regular contribution made to a Roth IRA may be recharacterized pursuant to the rules in Section 1.408A-5 of the final Treasury Regulations as a regular contribution to this Traditional IRA, subject to the limits in Article 4.1A of this Agreement.

4.2 Distributions During IRA Account Holder’s Lifetime

A. General Rules. The IRA Account Holder may request a distribution of all or part of this Traditional IRA at any time. Notwithstanding any provision of this Agreement to the contrary, a distribution of the IRA Account Holder’s interest in this Traditional IRA shall be made in accordance with the following requirements and shall otherwise comply with Section 408(a)(6) of the Code, Section 1.408-8 of the Treasury Regulations, including the incidental death benefit provisions of Section 1.401(a)(9)-2 of the Treasury Regulations and the required minimum distribution provisions of Sections 1.401(a)(9)-1 through 1.401(a)(9)-9 of the Treasury Regulations, the provisions of which are herein incorporated by reference. The required minimum distributions calculated for this Traditional IRA may be withdrawn from another Traditional IRA of the IRA Account Holder in accordance with Section 1.408-8, Q&A9 of the Treasury Regulations. If this is an inherited Traditional IRA within the meaning of Section 408(d)(3)(C) of the Code, the preceding sentence and paragraph [C] below do not apply. The Custodian will make no payouts to the IRA Account Holder from this Traditional IRA until the Custodian receives from the IRA Account Holder a written request for a distribution on a form provided by or approved by the Custodian.

B. 10% Federal Tax Penalty. If the Traditional IRA Account Holder receives a distribution before attaining age 59½, the IRS will assess a federal tax penalty of 10% on the taxable part of the amount withdrawn, unless the distribution meets the requirements for an exception to the penalty as described in Section 72(t) of the Code.

C. Required Minimum Distributions to the IRA Account Holder. The IRA Account Holder’s entire interest in this Traditional IRA must be, or begin to be, distributed by the IRA Account Holder’s required beginning date (April 1 of the year following the year in which the IRA Account Holder reaches age 70½). By that date, the IRA Account Holder may elect, in a manner acceptable to the Custodian, to have the balance in this Traditional IRA distributed in accordance with this section. Required minimum distributions may be paid as either a single sum payment or annual payments calculated in accordance with the IRA Holder’s distribution period. If the IRA Holder elects to receive annual payments, the amount to be distributed each year as a required minimum distribution, beginning with the year the IRA Account Holder attains his required beginning date and continuing through the year of the IRA Account Holder’s death, shall not be less than the amount determined by dividing the value of the Traditional IRA Account as of December 31 of the preceding year by the appropriate distribution period. Such payments may be made as an annual lump sum or as a series of payments during the calendar year.

The “value” of the Traditional IRA Account includes the amount of any outstanding rollovers, transfers and recharacterizations made in accordance with Section 1.408-8, Q&A7 through 8, of the Treasury Regulations.
All required minimum distributions made during the IRA Account Holder’s lifetime shall be based on the IRA Account Holder’s “distribution period.” An IRA Account Holder’s distribution period is obtained by locating the IRA Account Holder’s age on the Uniform Lifetime Table (the “Uniform Table”), described in Section 1.401(a)(9)-9, Q&A2 of the Treasury Regulations. Notwithstanding the foregoing, if the IRA Account Holder’s spouse is the sole Designated Beneficiary and is more than 10 years younger than the IRA Account Holder, then the IRA Account Holder’s required minimum distribution shall be calculated according to the distribution period obtained at the intersection of the ages of the IRA Account Holder and his or her spouse under the Joint and Last Survivor Expectancy Table the (“Joint and Survivor Table”) as described in Section 1.401(a)(9)-9, Q&A3 of the Treasury Regulations.

The IRA Account Holder’s required minimum distribution shall be calculated annually.

The Traditional IRA Account Holder must request to have the required minimum distribution begin for the first distribution year by his or her required beginning date. The Traditional IRA Account Holder must request to have the required minimum distribution made for other calendar years—including the year containing the required beginning date—no later than December 31 of that year. The IRA Account Holder is responsible for asking the Custodian to distribute the required amount from the Traditional IRA. If the IRA Account Holder fails to make such an election by his or her required beginning date, the Custodian shall make no payment until the Traditional IRA Account Holder provides a proper payment request to the Custodian. The Custodian will calculate the required minimum distribution using the Uniform Table unless required to use the Joint and Survivor Table. The required distribution for each year is determined by dividing the IRA Account Holder’s entire interest in this Traditional IRA as of the close of business on December 31 of the preceding year by the divisor for the applicable distribution period listed on the Uniform Table, using the attained age of the IRA Account Holder as of his or her birthday in the current year or, if the Joint and Survivor Table is required, for the applicable distribution period listed at the intersection of the ages of the IRA Account Holder and the IRA Account Holder’s spouse. For the purposes of distributions beginning after the IRA Account Holder’s death, the distribution period for his or her Beneficiary(ies) shall be calculated in accordance with Section 5.5.

4.3 Rollovers and Transfers
The Custodian may receive amounts transferred to this Traditional IRA or SEP IRA from the trustee or custodian of another Traditional IRA, SEP IRA or SIMPLE IRA. In addition, the Custodian can accept direct rollovers of eligible rollover distributions from employer plans as permitted by the Code. Eligible rollover distributions include distributions from 401(k), 403(b), and 457(b) plans, as well as pre-tax and after-tax distributions from a qualified 401(a) plan. The Custodian reserves the right not to accept any transfer or direct rollover.

Article V. Provisions Governing Both Traditional and Roth IRAs
5.1 Investment of Amounts in the IRA
A. Contributions. If the IRA Account Holder dies before his or her entire interest has been distributed and if the Beneficiary is other than the surviving spouse, no additional cash contributions or rollover contributions may be accepted in this IRA.

B. Direction of Investment. The IRA Account Holder has exclusive responsibility for and control over the investment of the assets in this IRA. The IRA Account Holder shall direct all investment transactions, including transactions involving earnings and the proceeds from securities sales. The IRA Account Holder’s selection of investments, however, shall be limited to publicly traded securities, options, mutual funds, money market instruments, bank deposit accounts at an FDIC-insured depository institution affiliated with Schwab, and any other permitted investments that are obtainable by the Custodian and that the Custodian is capable of holding in the ordinary course of its business. In the absence of instructions from the IRA Account Holder or if the instructions are not in a form acceptable to the Custodian, the Custodian shall invest any uninvested cash balances in accordance with the default investment described in the Account Application and other disclosures as Schwab may provide. By executing the Account Application (or making a subsequent designation), you authorize and direct Schwab to invest or deposit the uninvested cash balances in your IRA account as described in those documents. The Custodian shall continue to make such default investments until additional investment direction is provided by the IRA Account Holder in a form and manner acceptable to the Custodian. All transactions shall be subject to any and all applicable Federal and State laws and regulations and the rules, regulations, customs and usages of any exchange, market or clearinghouse where the transaction is executed and to the Custodian’s policies and practices.

After the IRA Account Holder’s death, the Beneficiary(ies) shall have the right to direct the investment of the assets in this IRA, subject to the same conditions that applied to the IRA Account Holder during his or her lifetime under this Agreement (including, without limitation, this Article 5.1).

C. The Custodian’s Investment Powers and Duties. The Custodian shall have no discretion to direct any investment in the IRA. Except as provided below, the Custodian assumes no responsibility for rendering investment advice with respect to this IRA, nor will it offer any opinion or judgment to the IRA Account Holder on matters concerning the value or suitability of any investment or proposed investment for this IRA. The Custodian will be responsible for determining the suitability of an investment or proposed investment only if (1) a representative of the Custodian gives advice directly to the IRA Account Holder; and (2) the advice is clearly identified as a recommendation by the Custodian for the IRA Account Holder to enter into a particular transaction or to buy or sell a particular security. The Custodian shall exercise the voting rights and other shareholder rights with respect to securities in this IRA but only in accordance with the instructions from the IRA Account Holder, and in accordance with applicable rules of the Securities and Exchange Commission and the national exchanges of which the Custodian is a member.

D. Delegation of Investment Responsibility. The Custodian may, but is not required to, permit the IRA Account Holder to delegate the IRA Account Holder’s investment responsibility for this IRA to another party acceptable to the Custodian by giving written notice of the delegation in a format prescribed by the Custodian. The Custodian shall follow the direction of any such party who is properly appointed and shall be under no duty to review or question, nor be responsible for, any of that party’s directions, actions or failures to act.

E. Prohibited Investments. No part of this IRA may be invested in life insurance contracts, nor may the assets of this IRA be commingled with other property except in a common trust fund or common investment fund (within the meaning of Section 408(a)(5) of the Code). No part of this IRA may be invested in collectibles (within the meaning of Section 408(m) of the Code) or any tangible personal property even if otherwise permitted by Section 408(m)(3) of the Code.

F. Proper Distributions. If the Custodian determines that the Beneficiary designation is not clear with respect to the amount of the distribution, the date on which the distribution shall be made, or the identity of the party or parties who will receive the distribution, the Custodian shall have the right, in its sole discretion, to consult counsel and to institute legal proceedings to determine the proper distribution of the account, all at the expense of the account, before distributing or transferring the account.

G. Custodian’s Right to Request Judicial Assistance. The Custodian has the right at any time to apply to a court of competent jurisdiction:
(i) To settle the IRA; or
(ii) To receive instructions or to determine any questions of interpretation that may arise. The IRA Account Holder is the only party necessary to the accounting or proceeding. However, the Custodian may elect to join any other parties. The Custodian will charge the costs, including lawyers’ fees, for any such accounting or proceeding as an administrative expense under Section 5.8.

5.2 Restrictions on the Fund
The IRA Account Holder’s interest in the balance in this IRA is nonforfeitable. Neither the IRA Account Holder nor any Beneficiary may sell, transfer or pledge any interest in this IRA in any manner.
whatsoever, except as provided by law or this Agreement, nor engage in any transaction prohibited under Section 4975 of the Code. The assets in this IRA shall not be responsible for the debts, contracts or torts of any person entitled to distributions under this Agreement.

5.3 Written Distribution Requests

All requests for withdrawal, including the method of distribution, shall be in writing on a form provided by or acceptable to the Custodian or in such other format as permitted or required by the Custodian. The tax identification number of the recipient must be provided to the Custodian before it is obligated to make a distribution. Any withdrawals shall be subject to all applicable tax and other laws and regulations including possible early withdrawal penalties and withholding requirements.

5.4 Beneficiary Designations

The IRA Account Holder may designate one or more person(s) or entity(ies) as Beneficiary of the IRA. This designation can only be made in writing using an acceptable format prescribed by the Custodian, and it will only be effective when it is filed with the Custodian during the IRA Account Holder’s lifetime. Each Beneficiary designation the IRA Account Holder files with the Custodian will cancel all previous ones. The consent of a Beneficiary shall not be required for the IRA Account Holder to revoke a Beneficiary designation. If the IRA Account Holder does not designate a Beneficiary, the estate will be the Beneficiary. Unless specifically designated otherwise in writing and in a manner acceptable to the Custodian, the assets of this IRA will be distributed equally to all primary Beneficiaries who survive the IRA Account Holder and in equal shares to all contingent Beneficiaries if all primary Beneficiaries die before the IRA Account Holder.

5.5 Distributions After IRA Account Holder’s Death

If the IRA Account Holder dies before receiving all of the amounts in his or her IRA, the entire remaining interest will be distributed to the Beneficiary(ies). Notwithstanding any provision of this Agreement to the contrary, a distribution of the Beneficiary(ies) interest in this Traditional or Roth IRA shall be made in accordance with the following requirements and shall otherwise comply with Section 408(a)(6) of the Code, Section 1.408-8 of the Treasury Regulations, including the incidental-death benefit provisions of Section 1.401(a)(9) of the Treasury Regulations, and the required minimum distribution provisions of Sections 1.401(a)(9)-1 through 1.401(a)(9)-9 of the Treasury Regulations, the provisions of which are herein incorporated by reference. The IRA Account Holder may change Beneficiary(ies) at any time until his or her death. The determination of the Designated Beneficiary(ies) shall be fixed on September 30 of the year following the IRA Account Holder’s death.

Any person who was a Designated Beneficiary as of the IRA Holder’s death, but is not a Designated Beneficiary as of September 30 (e.g., because the person received the entire benefit to which the person is entitled or disclaims entitlement to the benefit pursuant to Section 2518 of the Code by September 30), will not be taken into account for purposes of determining the distribution period after the IRA Holder’s death. Notwithstanding the foregoing, a person who was a Designated Beneficiary as of the date of the IRA Holder’s death and dies prior to September 30 of the calendar year following the calendar year of the IRA Holder’s death shall be taken into account for purposes of determining the distribution period after the IRA Holder’s death, without regard to any successor beneficiary who is entitled to distributions as the beneficiary of the deceased Designated Beneficiary. If on September 30 of the year after the IRA Account Holder’s death there is no Beneficiary, all Designated Beneficiary(ies) have died and there is no successor Beneficiary, the IRA Holder’s Beneficiary will be the estate. If the IRA Account Holder dies before his required beginning date and the Custodian is timely notified of the IRA Account Holder’s death, the Custodian will distribute the IRA to the estate of the IRA Account Holder in accordance with Section 5.5(i)(d) below. If the IRA Account Holder dies after the required beginning date, and the Custodian is timely notified, the Custodian will distribute the IRA in a single payment to the estate of the IRA Account Holder by December 31 of the year after the IRA Account Holder’s death. If notice of the IRA Account Holder’s death is not timely, then the IRA distribution to the estate will be made as soon as practicable after receiving notice of the IRA Account Holder’s death.
required distributions as a beneficiary. Notwithstanding the foregoing, if the surviving spouse is the sole Designated Beneficiary by virtue of being the underlying beneficiary of a trust described in Section 2.8, he or she will not be eligible to deem this IRA as his or her own. If the surviving spouse of an IRA Holder receives a distribution from the IRA Account after the IRA Holder’s death, the surviving spouse will be permitted to roll over that distribution to an IRA in his or her own name within 60 days regardless of whether the surviving spouse is the sole Beneficiary. No minimum distributions will be required so long as the rollover occurs prior to the date the IRA Account Holder would have attained age 70½.

(d) If there is no Designated Beneficiary, the entire remaining interest shall be distributed in accordance with Section 5.5(i)(a) above.

(ii) If the IRA Account Holder of a Traditional IRA dies on or after his or her required beginning date, the distribution period will be calculated in accordance with the Single Life Table. A minimum required distribution is required for the year of the IRA Holder’s death, and that amount must be distributed to the Beneficiary(ies) to the extent it has not already been distributed to the IRA Holder. Distributions for the year in which the IRA Holder dies will be calculated as if the IRA Holder lived throughout the year.

(a) Subsequent distributions to the Designated Beneficiary must begin no later than December 31 of the year following the year of the IRA Account Holder’s death. The distribution period is the distribution period obtained from the divisor listed on the Single Life Table next to the Designated Beneficiary’s age (or the age of the oldest Designated Beneficiary if more than one) as of his or her birthday in the year following the year of the IRA Account Holder’s death, reduced by one for each year elapsed since the year following the IRA Account Holder’s death or the distribution period under Section (ii)(c) below, if longer. If the sole Designated Beneficiary is the IRA Account Holder’s spouse, the surviving spouse’s distribution period is the period obtained from the divisor listed on the Single Life Table next to the spouse’s age as of the spouse’s birthday for the current year or the distribution period under Section (ii)(c) below, if longer. Upon the death of the surviving spouse beneficiary, any interest remaining after such spouse’s death will continue to be distributed either over such spouse’s remaining life expectancy, determined by using the divisor in the Single Life Table next to the spouse’s age as of his or her birthday in the year of the spouse’s death, or by using the original IRA Holder’s remaining life expectancy as set forth under Section (iii)(c) below.

(b) If the IRA Account Holder’s surviving spouse is the sole Designated Beneficiary, the surviving spouse may elect to roll over the assets of the account to his her own Roth or Traditional IRA or deem this IRA his or her own. This election will be deemed to have been made only if written notice is provided to the Custodian of the Account Holder’s death and, thereafter, such surviving spouse makes a contribution to the IRA or fails to take required distributions as a beneficiary. Notwithstanding the foregoing, if the surviving spouse is the sole Designated Beneficiary by virtue of being the underlying beneficiary of a trust described in Section 2.8, he or she will not be eligible to deem this IRA as his or her own. If the surviving spouse of an IRA Holder receives a distribution from the IRA Account after the IRA Holder’s death, the surviving spouse will be permitted to roll over that distribution (excluding any required minimum distribution) to an IRA in his or her own name within 60 days regardless of whether the surviving spouse is the sole Beneficiary.

(c) If there is no Designated Beneficiary, the distribution period is the divisor listed next to the IRA Account Holder’s age listed on the Single Life Table as of his or her birthday in the year of death, reduced by one for each year elapsed since the year of the IRA Account Holder’s death.

5.6 Reporting Responsibilities

The IRA Account Holder agrees to provide the Custodian with information necessary for the Custodian to prepare any reports required under Sections 408(l), 408A(d)(3)(D) of the Code, and Sections 1.408-5 and 1.408-6 of the final Treasury Regulations. The Custodian agrees to submit reports to the Internal Revenue Service (IRS) and the IRA Account Holder (or Beneficiary[ies] upon the IRA Account Holder’s death) as prescribed by the IRS, and any additional reports the Custodian may choose to deliver. The Custodian shall furnish annual calendar-year reports concerning the status of the IRA Account and such information concerning required minimum distributions as prescribed by the Commissioner of Internal Revenue. If the IRA Account Holder does not notify the Custodian in writing of any errors or omissions in the reports or statements within 60 days following the mailing or electronic delivery of such reports or statements to the last known address of the IRA Account Holder (or Beneficiary[ies] upon the death of the IRA Account Holder), which the Custodian has in its files, such reports or statements will be considered accurate and approved by the IRA Account Holder (or Beneficiary[ies], if applicable) and the Custodian shall be released from all liability concerning all information contained in the reports or statements to anyone, including the spouse or Beneficiary[ies].

5.7 Representations and Responsibilities

The IRA Account Holder represents and warrants to the Custodian that any information the IRA Account Holder has given or will give to the Custodian with respect to this Agreement is complete and accurate. Further, the IRA Account Holder agrees that any directions the IRA Account Holder gives, or action the IRA Account Holder takes, will be proper under this Agreement and that the Custodian is entitled to rely upon any such information or directions. The Custodian shall not be responsible for losses of any kind that may result from the IRA Account Holder’s directions, actions or failures to act, and the IRA Account Holder agrees to reimburse the Custodian for any loss it may incur as a result of such directions, actions or failures to act. The Custodian shall not be responsible for any penalties, taxes, judgments or expenses the IRA Account Holder incurs in connection with this IRA. The Custodian has no duty to determine whether the contributions or distributions comply with the Code, regulations, rulings or this Agreement. The Custodian shall be fully protected in acting on any instrument, certificate, or form it believes is genuine and signed or presented by the proper people. The Custodian shall not be required to investigate or inquire about any statement contained in such documents and may accept these documents as true and accurate. At all times, the IRA Account Holder must indemnify and hold the Custodian harmless from any liability that may arise under this IRA, except a liability caused by the Custodian’s gross negligence or willful misconduct.

5.8 Account Service Fees

The Custodian has the right to charge an annual service fee or other designated fees (for example, a transfer, rollover or termination fee) for maintaining this IRA. In addition, the Custodian has the right to be reimbursed for all reasonable expenses incurred in connection with the administration of this IRA. The Custodian may charge the IRA Account Holder separately for any fees or expenses together with any taxes, plus interest and penalties, assessed against the IRA. Unless the IRA Account Holder objects and directs a reasonable alternative payment, the Custodian may deduct the amount of the fees, expenses or taxes from the assets in the IRA. The Custodian reserves the right to charge any additional fee upon 30 days’ notice to the IRA Account Holder that the fee will be effective. If the IRA Account Holder has multiple IRAs with the Custodian, the Custodian will allocate these fees or expenses to the separate IRA to which they directly relate, as reasonably determined by the Custodian, or, with respect to fees or expenses that the Custodian reasonably deems to have no direct relationship to a separate IRA, among the separate IRAs on a ratable basis.

Any brokerage commissions attributable to the assets in the IRA will be charged to the IRA. The IRA Account Holder cannot reimburse the IRA for those commissions. The IRA Account Holder must pay on demand any debit balance or other obligation owed to the Custodian.

5.9 Notices and Change of Address

Any required notice regarding this IRA will be considered effective when mailed by the Custodian to the last known address of the intended recipient that the Custodian has in its records. Any notice to be given to the Custodian will be considered effective when actually received. The IRA Account Holder must notify the Custodian of any change of address.
5.10 Resignation or Removal of Custodian
A. Resignation. Schwab may resign as Custodian of the IRA by mailing or actually delivering written notice to the IRA Account Holder 60 days before its resignation.

B. Removal. To remove Schwab as Custodian, the IRA Account Holder must mail or actually deliver written notice to Schwab 60 days before removal. The IRA Account Holder must also appoint and qualify a successor Custodian or trustee. The party entitled to the notification (either for resignation or removal) may waive the 60-day notice period.

C. Successor Custodian or Trustee. On the resignation or removal of Schwab as Custodian, the IRA Account Holder must appoint a successor Custodian or trustee. The successor Custodian or trustee will have all the same rights, powers, privileges, liabilities, and duties that Schwab has as Custodian. When the appointment of the successor Custodian or trustee is accepted, Schwab will assign, transfer and deliver to the successor all assets held in the IRA. However, Schwab is authorized to reserve enough funds as it considers advisable to pay expenses and fees that are due or may be incurred during the settlement of the IRA. Schwab will pay any balance that remains after settling the IRA to the successor Custodian or trustee.

D. Failing to Appoint Successor. If the IRA Account Holder does not appoint a successor within 30 days after receiving Schwab’s resignation as Custodian, Schwab may appoint a successor Custodian or trustee, or terminate the IRA. If Schwab terminates the IRA, Schwab will distribute the assets according to the provisions of Section 5.13C that apply. When Schwab completes this distribution, Schwab will be relieved of any liability for the assets in the IRA.

E. Substitution of Custodian. The non-bank Custodian must substitute another Trustee or Custodian for Schwab if the IRS notifies the non-bank Custodian to do so because of the following reasons:
   (i) Schwab is not keeping records, making returns or issuing statements as required; or
   (ii) Schwab failed to comply with other requirements under Treasury Regulation Section 1.408-2(e).

5.11 Liquidation of Assets
The Custodian has the right to liquidate assets in this IRA if necessary to make distributions or to pay fees, expenses or taxes properly chargeable against this IRA. If the IRA Account Holder fails, after notice, to direct the Custodian to as to which assets to liquidate, the Custodian will liquidate assets in the IRA in the following order:
   (i) Any shares of a money market fund or money market–type fund or bank deposit accounts at an FDIC-insured depository institution affiliated with Schwab;
   (ii) Securities;
   (iii) Other assets.

5.12 Governing Law
This Agreement will be governed by and interpreted according to all applicable Federal laws and regulations, and to the extent such laws and regulations apply, to California laws and regulations.

If any part of this Agreement is held to be illegal or invalid, the remaining parts shall not be affected. Neither the IRA Account Holder nor the Custodian’s failure to enforce at any time or for any period of time any of the provisions of this Agreement shall be construed as a waiver of such provisions, or either party’s right thereafter to enforce each and every such provision.

5.13 Amendment and Termination
A. Required Changes. The Custodian may amend or terminate this Agreement anytime, as legally allowed, without obtaining the consent of the IRA Account Holder, the spouse or Beneficiary.
   (i) An amendment generally will not decrease any benefit to which the IRA Account Holder is entitled from contributions before the amendment.
   (ii) However, the Custodian is expressly authorized to make any necessary amendments, retroactive to the later of the Agreement’s effective date or the effective date of any future legal requirements, if the Custodian must amend the Plan to conform to:
        (a) current or future requirements of the Employee Retirement Income Security Act of 1974 (ERISA);
        (b) Code Section 408; or
        (c) other applicable law, regulation or ruling.

B. Other Changes. The Custodian may amend this Agreement anytime by obtaining the IRA Account Holder’s consent. The Custodian will notify the IRA Account Holder in writing of any proposed changes, and the IRA Account Holder will have 30 days after receiving the Custodian’s notice to give the Custodian the IRA Account Holder’s denial. If the IRA Account Holder does not notify the Custodian within the 30-day period, the IRA Account Holder indicates consent to the Custodian’s proposed changes.

C. Distribution After Termination. If the Agreement is terminated for any reason, the Custodian will distribute the balance held in the IRA to the successor Custodian or trustee whom the IRA Account Holder or Beneficiary designates, as soon as administratively feasible. If the IRA Account Holder or Beneficiary have not designated a successor, or the Custodian has not appointed one, as described in Section 5.10E above, the Custodian will distribute the IRA balance directly to the IRA Account Holder in a single payment.

5.14 Transfers
The IRA Account Holder may transfer funds held in another IRA or individual retirement annuity to a Schwab IRA. The IRA Account Holder may also ask the Custodian to transfer funds held in this IRA to another IRA or a retirement annuity. The IRA Account Holder must submit a request to the Custodian in writing by completing an Account Transfer Form. If stated in a divorce decree or in a written instruction related to divorce, the IRA Account Holder may transfer all or part of his or her IRA to a former spouse. Schwab will hold the transferred amount for the benefit of the former spouse according to the Agreement’s terms and conditions.

Charles Schwab & Co., Inc. Individual Retirement Plan Disclosure Statement
This Disclosure Statement explains the rules governing the type of Schwab IRA (“IRA Plan”) you designated on the Account Application. The term “IRA” will be used in this Disclosure Statement to refer to a Traditional IRA (under Internal Revenue Code (the “Code”) Section 408(a)), a Roth IRA (under Section 408A of the Code), and a SEP-IRA (under Section 408(k) of the Code), unless specified otherwise. This Disclosure Statement is intended to describe the IRA Plan accurately. But if this statement differs in any way from the provisions of the IRA Plan, the provisions contained in the IRA Plan document will apply.

If you have any questions about the information contained in this publication or any of our products and services, call us at our toll-free number: 1-800-435-4000.

Right to Revoke Your IRA
If you received this Disclosure Statement at the time you established your IRA, you have the right to revoke your IRA within seven days of the receipt of the Disclosure Statement. If, instead, Schwab mails the Disclosure Statement to you, we assume you will receive a copy of the Disclosure Statement three days after we mail it to you. To revoke your IRA, you must mail or personally deliver a written notice to any Schwab office. If you mail your notice, we consider it mailed on the postmarked date (or, if sent by certified or registered mail, the date of the certification or registration) if you deposit it, properly addressed, in the U.S. mail with first-class postage. Your notice won’t be valid unless Schwab receives your notice within the seven-day period. If Schwab makes changes to its Disclosure Statement or IRA during the seven-day revocation period, Schwab will inform you of the change and give you the option to revoke your agreement for an additional seven-day period. If your IRA is revoked, you are entitled to a full return of the contribution you made to your IRA without penalty, service charge, administrative expenses, or
any other reduction. Schwab will not make any adjustment for fluctuations in the market.

Requirements of an IRA

A. Cash Contributions.
Your contribution must be in cash, unless it is a rollover contribution.

B. Maximum Traditional IRA Contribution.
The total amount you may contribute to a Traditional IRA for any taxable year cannot exceed the lesser of 100% of your compensation or $5,500 (for 2014 and 2015), with possible cost-of-living adjustments each year thereafter. If you also maintain a Roth IRA (i.e., an IRA subject to the limits of Section 408A of the Code, the maximum contribution to your Traditional IRA(s) is reduced by any contributions you make to your Roth IRA(s). Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100% of your compensation.

C. Maximum Roth IRA Contribution.
The total amount you may contribute to a Roth IRA for any taxable year cannot exceed the lesser of 100% of your compensation or $5,500 (for 2014 and 2015), with possible cost-of-living adjustments each year thereafter. If you also maintain a Traditional IRA (i.e., an IRA subject to the limits of Internal Revenue Code Sections (IRC Secs. 408(a) or 408(b))), the maximum contribution to your Roth IRA(s) is reduced by any contributions you make to your Traditional IRA(s). Your total annual contribution to all Roth IRAs and Traditional IRAs cannot exceed the lesser of the dollar amounts described above or 100% of your compensation.

Your Roth IRA contribution is further limited if your modified adjusted gross income (MAGI) equals or exceeds $181,000 (for 2014) or $183,000 (for 2015) if you are a married individual filing a joint income tax return, or equals or exceeds $114,000 (for 2014) or $116,000 (for 2015) if you are a single individual. Married individuals filing a joint income tax return with MAGI equaling or exceeding $191,000 (for 2014) or $193,000 (for 2015) may not fund a Roth IRA. Single individuals with MAGI equaling or exceeding $129,000 (for 2014) or $131,000 (for 2015) may not fund a Roth IRA. Married individuals filing a separate income tax return with MAGI equaling or exceeding $10,000 may not fund a Roth IRA. The MAGI limits described above are subject to cost-of-living increases for tax years beginning after 2015.

If you are married filing a joint income tax return and your MAGI is between the applicable MAGI phase-out range for the year, your maximum Roth IRA contribution is determined as follows: (1) Begin with the appropriate MAGI maximum for the applicable year and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. For example, if you are age 30, with MAGI of $188,000, your maximum Roth IRA contribution for 2015 is $2,750 (($193,000 minus $188,000) divided by $10,000 and multiplied by $5,500).

If you are single and your MAGI is between the applicable MAGI phase-out range for the year, your maximum Roth IRA contribution is determined as follows: (1) Begin with the appropriate MAGI maximum for the applicable year and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. For example, if you are age 30, with MAGI of $119,000, your maximum Roth IRA contribution for 2015 is $4,400 (($131,000 minus $119,000) divided by $15,000 and multiplied by $5,500).

D. Traditional IRA Contribution Eligibility.
You are eligible to make a regular contribution to your IRA if you have compensation and have not attained age 70½ by the end of the taxable year for which the contribution is made.

E. Roth IRA Contribution Eligibility.
You are eligible to make a regular contribution to your Roth IRA, regardless of your age, if you have compensation and your MAGI is below the maximum threshold. Your Roth IRA contribution is not limited by your participation in an employer-sponsored retirement plan, other than a Traditional IRA.

F. Catch-Up Contributions.
If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your IRA. The maximum additional contribution is $1,000 per year.

G. Nonforfeitability.
Your interest in your IRA is non-forfeitable. This means that the full balance in your IRA belongs to you. But we may assess reasonable fees and expenses against your IRA balance.

H. Eligible Custodians.
The custodian of your IRA must be a bank, savings and loan association, credit union, or a person or entity, such as Schwab, approved by the Secretary of the Treasury.

I. Commingling Assets.
The assets of your IRA cannot be commingled with other property except in a common trust fund or common investment fund.

J. Life Insurance.
No portion of your IRA may be invested in life insurance contracts.

K. Collectibles.
You may not invest the assets of your IRA in collectibles (within the meaning of IRC Sec. 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins, and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum, or palladium bullion (as described in IRC Sec. 408(m)(3)) are also permitted as IRA investments.

L. Required Minimum Distributions and Beneficiary Options for Traditional IRAs.
You are required to take minimum distributions from your IRA at certain times in accordance with Treasury Regulation 1.408-8. Below is a summary of the IRA distribution rules:

1. You are required to take a minimum distribution from your IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.

2. The applicable divisor generally is determined using the Uniform Lifetime Table provided by the IRS. If your spouse is your sole designated beneficiary for the entire calendar year, and is more than 10 years younger than you, the required minimum distribution is determined each year using the actual joint life expectancy of you and your spouse obtained from the Joint Life Expectancy Table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table.

We reserve the right to do any one of the following by April 1 of the year following the year in which you turn age 70½:

(a) Make no distribution until you give us a proper withdrawal request;
(b) Distribute your entire IRA to you in a single sum payment; or
(c) Determine your required minimum distribution each year based on your life expectancy calculated using the Uniform Lifetime Table, and pay those distributions to you until you direct otherwise.

If you fail to remove a required minimum distribution, a penalty tax of 50% may be imposed on the amount of the required minimum distribution that should have been taken but was not. You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.
3. Your designated beneficiary(ies) is determined based on the beneficia-
ries designated as of the date of your death, who remain your benefi-
ciaries as of September 30 of the year following the year of your death.

If you die on or after your required beginning date, distributions must
be made to your beneficiaries over the longer of the single life expec-
tancy of your designated beneficiaries, or your remaining life expec-
tancy. If a beneficiary other than a person or qualified trust as defined
in the Treasury Regulations is named, you will be treated as having no
designated beneficiary of your IRA for purposes of determining the
distribution period. If there is no designated beneficiary of your IRA,
distributions will commence using your single life expectancy, reduced
by one in each subsequent year. If you die before your required begin-
nning date, the entire amount remaining in your account will, at the
election of your designated beneficiaries, either (a) be distributed by
December 31 of the year containing the fifth anniversary of your death,
or (b) be distributed over the remaining life expectancy of your design-
nated beneficiaries.

If your spouse is your sole designated beneficiary, he or she must elect
either option (a) or (b) by the earlier of December 31 of the year con-
taining the fifth anniversary of your death, or December 31 of the year
life expectancy payments would be required to begin. Your designated
beneficiaries, other than a spouse who is the sole designated benefi-
ciary, must elect either option (a) or (b) by December 31 of the year
following the year of your death. If no election is made, distribution will
be calculated in accordance with option (b). In the case of distributions
under option (b), distributions must commence by December 31 of the
year following the year of your death. Generally, if your spouse is the
designated beneficiary, distributions need not commence until
December 31 of the year you would have attained age 70½, if later. If
a beneficiary other than a person or qualified trust as defined in the
Treasury Regulations is named, you will be treated as having no desig-
nated beneficiary of your IRA for purposes of determining the distribu-
tion period. If there is no designated beneficiary of your IRA, the entire
IRA must be distributed by December 31 of the year containing the fifth
anniversary of your death.

A spouse who is the sole designated beneficiary of your entire IRA will
be deemed to elect to treat your IRA as his or her own by either
(1) making contributions to your IRA or (2) failing to timely remove a
required minimum distribution from your IRA. Regardless of whether or
not the spouse is the sole designated beneficiary of your IRA, a
spouse beneficiary may roll over his or her share of the assets to his or
her own IRA.

If we so choose, for any reason (e.g., due to limitations of our charter or
bylaws), we may require that a beneficiary of a deceased IRA owner
take total distribution of all IRA assets by December 31 of the year
following the year of death.

If your beneficiary fails to remove a required minimum distribution after
your death, an additional penalty tax of 50% is imposed on the amount
of the required minimum distribution that should have been taken but
was not. Your beneficiary must file IRS Form 5329 along with his or her
income tax return to report and remit any additional taxes to the IRS.

M. Required Minimum Distributions for Roth IRAs.
You are not required to take distributions from your Roth IRA at age
70½ as required for Traditional and Savings Incentive Match Plans for
Employees of small employers (SIMPLE) IRAs. However, your beneficia-
ries generally are required to take distributions from your Roth IRA after
your death. See the section titled Beneficiary Payouts in this Disclosure
Statement regarding beneficiaries’ required minimum distributions.

N. Qualifying Longevity Annuity Contracts and RMDs.
A qualifying longevity annuity contract (QLAC) is a deferred annuity
contract that, among other requirements, must guarantee lifetime
income starting no later than age 85. The total premiums paid to QLACs
in your IRAs must not exceed 25% (up to $125,000) of the combined
value of your IRAs (excluding Roth IRAs). The $125,000 limit is subject
to cost-of-living adjustments each year.

When calculating your RMD, you may reduce the prior year-end account
value by the value of QLACs that your IRA holds as investments.

For more information on QLACs, you may wish to refer to the IRS

O. Beneficiary Options for Roth IRAs.
Your designated beneficiary(ies) is determined based on the beneficia-
ries designated as of the date of your death, who remain your beneficia-
ries as of September 30 of the year following the year of your death.

The entire amount remaining in your account will, at the election of your
designated beneficiaries, either:

1. Be distributed by December 31 of the year containing the fifth
anniversary of your death, or

2. Be distributed over the remaining life expectancy of your designated
beneficiaries.

If your spouse is your sole designated beneficiary, he or she must elect
either option (1) or (2) by the earlier of December 31 of the year con-
taining the fifth anniversary of your death, or December 31 of the year
life expectancy payments would be required to begin. Your designated
beneficiaries, other than a spouse who is the sole designated benefi-
ciary, must elect either option (1) or (2) by December 31 of the year
following the year of your death. If no election is made, distribution will
be calculated in accordance with option (2). In the case of distributions
under option (2), distributions must commence by December 31 of the
year following the year of your death. Generally, if your spouse is the
designated beneficiary, distributions need not commence until
December 31 of the year you would have attained age 70½, if later. If a
beneficiary other than a person or qualified trust as defined in the
Treasury Regulations is named, you will be treated as having no desig-
nated beneficiary of your Roth IRA for purposes of determining the
distribution period. If there is no designated beneficiary of your Roth
IRA, the entire Roth IRA must be distributed by December 31 of the year
containing the fifth anniversary of your death.

A spouse who is the sole designated beneficiary of your entire Roth IRA
will be deemed to elect to treat your Roth IRA as his or her own by either
(1) making contributions to your Roth IRA or (2) failing to timely
remove a required minimum distribution from your Roth IRA. Regardless
of whether or not the spouse is the sole designated beneficiary of your
Roth IRA, a spouse beneficiary may roll over his or her share of the
assets to his or her own Roth IRA.

If we so choose, for any reason (e.g., due to limitations of our charter or
bylaws), we may require that a beneficiary of a deceased Roth IRA
owner take total distribution of all Roth IRA assets by December 31 of the
year following the year of death.

If your beneficiary fails to remove a required minimum distribution after
your death, an additional penalty tax of 50% is imposed on the amount
of the required minimum distribution that should have been taken but
was not. Your beneficiary must file IRS Form 5329 along with his or her
income tax return to report and remit any additional taxes to the IRS.

Income Tax Consequences of Establishing an IRA

A. Traditional IRA Deductibility.
If you are eligible to contribute to your IRA, the amount of the contribu-
tion for which you may take a tax deduction will depend upon whether
you (or, in some cases, your spouse) are an active participant in an
employer-sponsored retirement plan. If you (and your spouse, if married)
are not an active participant, your entire IRA contribution will be deduct-
able. If you are an active participant (or are married to an active partici-

dant), the deductibility of your IRA contribution will depend on your MAGI
and your tax-filing status for the tax year for which the contribution was
made. MAGI is determined on your income tax return using your
adjusted gross income but disregarding any deductible IRA contribution
and certain other deductions and exclusions.

Definition of Active Participant. Generally, you will be an active partici-
pant if you are covered by one or more of the following employer-
sponsored retirement plans:

1. Qualified pension, profit-sharing, 401(k), or stock bonus plan

2. Qualified annuity plan of an employer

3. Simplified Employee Pension (SEP) plan
4. Retirement plan established by the federal government, a state, or a political subdivision (except certain unfunded deferred compensation plans under IRC Sec. 457)

5. Tax-sheltered annuity for employees of certain tax-exempt organizations or public schools

6. Plan meeting the requirements of IRC Sec. 501(c)(18)

7. Savings Incentive Match Plan for Employees (SIMPLE) IRA plan or a SIMPLE 401(k) plan

If you do not know whether your employer maintains one of these plans or whether you are an active participant in a plan, check with your employer or your tax advisor. Also, the IRS Form W-2, Wage and Tax Statement that you receive at the end of the year from your employer will indicate whether you are an active participant.

If you are an active participant, are single, and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows: (1) Begin with the appropriate phase-out range maximum for the applicable year (specified below) and subtract your MAGI; (2) divide this total by the difference between the phase-out maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30, with MAGI of $63,000 in 2015, your maximum deductible contribution is $4,400 (the 2015 phase-out range maximum of $71,000 minus your MAGI of $63,000, divided by the difference between the maximum and minimum phase-out range limits of $10,000, and multiplied by the contribution limit of $5,500).

If you are an active participant, are married to an active participant, and you file a joint income tax return, and have MAGI within the applicable phase-out range listed below, the deductible amount of your contribution is determined as follows: (1) Begin with the appropriate phase-out range maximum for the applicable year (specified below) and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take. For example, if you are age 30, with MAGI of $63,000 in 2015, your maximum deductible contribution is $4,400 (the 2015 phase-out range maximum of $71,000 minus your MAGI of $63,000, divided by the difference between the maximum and minimum phase-out range limits of $10,000, and multiplied by the contribution limit of $5,500).

If you are an active participant, are married, and you file a separate income tax return with MAGI between the applicable phase-out range for the year, your maximum deductible contribution is determined as follows: (1) Begin with the appropriate MAGI phase-out maximum for the year and subtract your MAGI; (2) divide this total by the difference between the phase-out range maximum and minimum; and (3) multiply this number by the maximum allowable contribution for the applicable year, including catch-up contributions if you are age 50 or older. The resulting figure will be the maximum IRA deduction you may take.

You must round the resulting deduction to the next highest $10 if the number is not a multiple of 10. If your resulting deduction is between $0 and $200, you may round up to $200.

B. Contributions Not Deducted for Roth IRAs.

No deduction is allowed for Roth IRA contributions, including transfers, rollovers, and conversion contributions.

C. Contribution Deadline.

The deadline for making an IRA contribution is your tax return due date (not including extensions). You may designate a contribution as a contribution for the preceding taxable year in a manner acceptable to us. For example, if you are a calendar-year taxpayer and you make your IRA contribution on or before your tax-filing deadline, your contribution is considered to have been made for the previous tax year if you designate it as such.

If you are a member of the armed forces serving in a combat zone, hazardous duty area, or contingency operation, you may have an extended contribution deadline of 180 days after the last day served in the area. In addition, your contribution deadline for a particular tax year is also extended by the number of days that remained to file that year’s tax return as of the date you entered the combat zone. This additional extension to make your IRA contribution cannot exceed the number of days between January 1 and your tax-filing deadline, not including extensions.

D. Tax Credit for Contributions.

You may be eligible to receive a tax credit for your Traditional IRA contributions. This credit will be allowed in addition to any tax deduction that may apply, and may not exceed $1,000 in a given year. You may be eligible for this tax credit if you are:

- Age 18 or older as of the close of the taxable year,
- Not a dependent of another taxpayer, and
- Not a full-time student.

The credit is based upon your income (see chart below), and will range from 0%–50% of eligible contributions. In order to determine the amount of your contributions, add all of the contributions made to your Traditional IRA and reduce these contributions by any distributions that you have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed $2,000.

E. Excess Contributions.

An excess contribution is any amount that is contributed to your IRA that exceeds the amount that you are eligible to contribute. If the
excess is not corrected in a timely manner, an additional penalty tax of 6% will be imposed upon the excess amount. The procedure for correcting an excess is determined by the timeliness of the correction as identified below.

1. Removal Before Your Tax-Filing Deadline. An excess contribution may be corrected by withdrawing the excess amount, along with the earnings attributable to the excess, before your tax-filing deadline, including extensions, for the year for which the excess contribution was made. An excess withdrawn under this method is not taxable to you, but you must include the earnings attributable to the excess in your taxable income in the year in which the contribution was made. The 6% excess contribution penalty tax will be avoided.

2. Removal After Your Tax-Filing Deadline. If you are correcting an excess contribution after your tax-filing deadline, including extensions, remove only the amount of the excess contribution. The 6% excess contribution penalty tax will be imposed on the excess contribution for each year it remains in the IRA. An excess withdrawal under this method will only be taxable to you if the total contributions made in the year of the excess exceed the annual applicable contribution limit.

3. Carry Forward to a Subsequent Year. If you do not withdraw the excess contribution, you may carry forward the contribution for a subsequent tax year. To do so, you under-contribute for that tax year and carry the excess contribution amount forward to that year on your tax return. The 6% excess contribution penalty tax will be imposed on the excess amount for each year that it remains as an excess contribution at the end of the year.

You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

F. Tax-Deferred Earnings.
The investment earnings of your IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

G. Nondeductible Contributions.
You may make nondeductible contributions to your IRA to the extent that deductible contributions are not allowed. The sum of your deductible and nondeductible IRA contributions cannot exceed your contribution limit (the lesser of the allowable contribution limit described previously, or 100% of your compensation). You may elect to treat deductible IRA contributions as nondeductible contributions.

If you make nondeductible contributions for a particular tax year, you must report the amount of the nondeductible contribution along with your income tax return using IRS Form 8606. Failure to file IRS Form 8606 will result in a $50-per-failure penalty.

If you overstate the amount of designated nondeductible contributions for any taxable year, you are subject to a $100 penalty unless reasonable cause for the overstatement can be shown.

H. Taxation of Traditional IRA Distributions.
The taxation of IRA distributions depends on whether or not you have ever made nondeductible IRA contributions. If you have only made deductible contributions, all IRA distribution amounts will be included in income.

If you have ever made nondeductible contributions to any IRA, the following formula must be used to determine the amount of any IRA distribution excluded from income.

\[
\text{Aggregate IRA Balance} = \frac{\text{Aggregate Nondeductible Contributions} \times \text{Amount Withdrawn}}{\text{Amount Excluded From Income}}
\]

Note: Aggregate nondeductible contributions include all nondeductible contributions made by you through the end of the year of the distribution that have not previously been withdrawn and excluded from income. Also note that the aggregate IRA balance includes the total balance of all of your Traditional and SIMPLE IRAs as of the end of the year of distribution and any distributions occurring during the year.

I. Taxation of Roth IRA Distributions.
The taxation of Roth IRA distributions depends on whether the distribution is a qualified distribution or a nonqualified distribution.

1. Qualified Distributions. Qualified distributions from your Roth IRA (both the contributions and earnings) are not included in your income. A qualified distribution is a distribution that is made after the expiration of the five-year period beginning January 1 of the first year for which you made a contribution to any Roth IRA (including a conversion from a Traditional IRA), and is made on account of one of the following events:
   - Attainment of age 59½,
   - Disability,
   - First-time homebuyer purchase, or
   - Death.

   For example, if you made a contribution to your Roth IRA for 2007, the five-year period for determining whether a distribution is a qualified distribution would have been satisfied as of January 1, 2012.

2. Nonqualified Distributions. If you do not meet the requirements for a qualified distribution, any earnings you withdraw from your Roth IRA will be included in your gross income and, if you are under age 59½, may be subject to an early distribution penalty tax. However, when you take a distribution, the amounts you contributed annually to any Roth IRA and any military death gratuity or Service members’ Group Life Insurance (SGLI) payments that you rolled over to a Roth IRA will be deemed to be removed first, followed by conversion and employer-sponsored retirement plan rollovers contributions made to any Roth IRA on a first-in, first-out basis. Therefore, your nonqualified distributions will not be taxable to you until your withdrawals exceed the amount of your annual contributions, rollovers of your military death gratuity or SGLI payments, and your conversions and employer-sponsored retirement plan rollovers.

J. Income Tax Withholding.
Any withdrawal from your IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your IRA withdrawal. If withholding is applied to your withdrawal, not less than 10% of the amount withdrawn must be withheld.

K. Early Distribution Penalty Tax.
If you receive an IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10% will apply to the taxable amount of the distribution, unless one of the following exceptions applies:

(1) Death. After your death, payments made to your beneficiary(ies) are not subject to the 10% early distribution penalty tax.

(2) Disability. If you are disabled at the time of distribution, you are not subject to the additional 10% early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration.

(3) Substantially equal periodic payments. You are not subject to the additional 10% early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary(ies). You must continue these payments for five years or until you reach age 59½, whichever is longer.

(4) Unreimbursed medical expenses. If you take payments to pay for unreimbursed medical expenses exceeding 10% of your adjusted gross income, you will not be subject to the 10% early distribution penalty tax. The medical expenses may be for you, your spouse, or any dependent listed on your tax return.

(5) Health insurance premiums. If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your IRA to pay...
for health insurance premiums without incurring the 10% early distribution penalty tax.

(6) Higher education expenses. Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10% early distribution penalty tax.

(7) First-time homebuyer. You may take payments from your IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of $10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution.

(8) IRS levy. Payments from your IRA made to the U.S. government in response to a federal tax levy are not subject to the 10% early distribution penalty tax.

(9) Qualified reservist distributions. If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your IRA during the active duty period are not subject to the 10% early distribution penalty tax.

You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes or to claim a penalty tax exception.

L. Rollovers and Conversions.

Your IRA may be rolled over to another IRA of yours, may receive rollover contributions, or may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. “Rollover” is a term used to describe a movement of cash or other property to your IRA from another IRA, or from your employer’s qualified retirement plan.

1. Traditional IRA–to–Traditional IRA Rollovers. Assets distributed from your Traditional IRA may be rolled over to the same Traditional IRA or another Traditional IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper CRA-to-IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

Effective for distributions taken on or after January 1, 2015, you are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.

2. SIMPLE IRA–to–Traditional IRA Rollovers. Assets distributed from your SIMPLE IRA may be rolled over to your Traditional IRA without IRS penalty tax provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with Traditional IRA to Traditional IRA rollovers, the requirements of IRC Sec. 408(d)(3) must be met. A proper SIMPLE IRA–to–IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received.

Effective for distributions taken on or after January 1, 2015, you are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.

3. Roth IRA–to–Roth IRA Rollovers. Assets distributed from your Roth IRA may be rolled over to the same Roth IRA or another Roth IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper Roth IRA–to–Roth IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days. Roth IRA assets may not be rolled over to other types of IRAs (e.g., Traditional IRA, SIMPLE IRA), or employer-sponsored retirement plans.

Effective for distributions taken on or after January 1, 2015, you are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.

4. Employer-Sponsored Retirement Plan–to–Traditional IRA Rollovers. You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan. The amount rolled over is not subject to taxation or the additional 10% early distribution penalty tax. “Conversion” is a term used to describe the movement of Traditional IRA assets to a Roth IRA. A conversion generally is a taxable event. The general rollover and conversion rules are summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a tax advisor.

5. Traditional IRA–to–Employer-Sponsored Retirement Plan. You may roll over, directly or indirectly, any taxable eligible rollover distribution from an eligible employer-sponsored retirement plan to a Traditional IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper Traditional IRA–to–Employer-Sponsored Retirement Plan rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received.

Effective for distributions taken on or after January 1, 2015, you are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.

6. Rollovers of Roth Elective Deferrals. Roth elective deferrals distributed from a 401(k) cash or deferred arrangement, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan may be rolled into your Roth IRA.

7. Traditional IRA–to–Roth IRA Conversions. If you convert to a Roth IRA, the amount of the conversion from your Traditional IRA to your
Roth IRA will be treated as a distribution for income tax purposes, and is includible in your gross income (except for any nondeductible contributions). Although the conversion amount generally is included in income, the 10% early distribution penalty tax will not apply to conversions from a Traditional IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10% penalty tax. If you are age 70½ or older you must remove your required minimum distribution before converting your Traditional IRA.

8. SIMPLE IRA–to–Roth IRA Conversions. You are eligible to convert all or any portion of your existing SIMPLE IRA into your Roth IRA, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. The amount of the conversion from your SIMPLE IRA to your Roth IRA will be treated as a distribution for income tax purposes and is includible in your gross income. Although the conversion amount generally is included in income, the 10% early distribution penalty tax will not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10% early distribution penalty tax. If you are age 70½ or older, you must remove your required minimum distribution before converting your SIMPLE IRA.

9. Employer-Sponsored Retirement Plan–to–Roth IRA Rollovers. Assets distributed from your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan may be rolled over to your Roth IRA. If you are a spouse, non-spouse, or qualified trust beneficiary who has inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan, you may be eligible to directly roll over the assets to an inherited Roth IRA. The inherited Roth IRA is subject to the beneficiary distribution requirements. Although the rollover amount generally is included in income, the 10% early distribution penalty tax will not apply to rollovers from eligible employer-sponsored retirement plans to a Roth IRA or inherited Roth IRA, regardless of whether you qualify for any exceptions to the 10% early distribution penalty tax.

10. Beneficiary Rollovers From Employer-Sponsored Retirement Plans. If you are a spouse, non-spouse, or qualified trust beneficiary of a deceased employer-sponsored retirement plan participant, you may directly roll over inherited assets from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan to an inherited IRA. The IRA must be maintained as an inherited IRA, subject to the beneficiary distribution requirements.

11. Beneficiary Rollovers From 401(k), 403(b), or 457(b) Eligible Governmental Plans Containing Roth Elective Deferrals. If you are a spouse, non-spouse, or qualified trust beneficiary of a deceased employer-sponsored retirement plan participant who had made Roth elective deferrals to the plan, you may directly roll over the Roth elective deferrals and their earnings to an inherited Roth IRA. The Roth IRA must be maintained as an inherited Roth IRA, subject to the beneficiary distribution requirements.

12. Rollovers of Military Death Benefits. If you receive or have received a military death gratuity or a payment from the SGLI program, you may be able to roll over the proceeds to your Roth IRA. The rollover contribution amount is limited to the sum of the death benefits or SGLI payment received, less any such amount that was rolled over to a Coverdell Education Savings Account. Proceeds must be rolled over within one year of receipt of the gratuity or SGLI payment for deaths occurring on or after June 17, 2008. Any amount that is rolled over under this provision is considered nontaxable in Roth IRA.

13. Qualified HSA Funding Distribution. If you are eligible to contribute to a health savings account (HSA), you may be eligible to take a one-time, tax-free, qualified HSA funding distribution from your IRA and directly deposit it in your HSA. The amount of the qualified HSA funding distribution may not exceed the maximum HSA contribution limit in effect for the type of high-deductible health plan coverage (i.e., single or family coverage) that you have at the time of the deposit, and counts toward your HSA contribution limit for that year. For further detailed information, you may wish to obtain IRS Publication 969, Health Savings Accounts and Other Tax-Favored Health Plans.

14. Rollovers of Settlement Payments From Bankrupt Airlines. If you are a qualified airline employee who has received an airline settlement payment from a commercial airline carrier under the approval of an order of a federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007 or on November 29, 2011 you are allowed to roll over up to 90% of the proceeds into your IRA within 180 days after receipt of such amount, or 180 days after February 14, 2012. If you make such a rollover contribution, you may exclude the amount rolled over from your gross income in the taxable year in which the airline settlement payment was paid to you.

To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.

15. Rollovers of Exxon Valdez Settlement Payments. If you receive a qualified settlement payment from Exxon Valdez litigation, you may roll over the amount of the settlement, up to $100,000, reduced by the amount of any qualified Exxon Valdez settlement income previously contributed to a Traditional or Roth IRA or eligible retirement plan in prior taxable years. You will have until your tax return due date (not including extensions) for the year in which the qualified settlement income is received to make the rollover contribution. To obtain more information on this type of rollover, you may wish to visit the IRS website at www.irs.gov.

16. Written Election. At the time you make a rollover to an IRA, you must designate in writing to the custodian your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

M. Transfer Due to Divorce.
If all or any part of your IRA is awarded to your spouse or former spouse in a divorce or legal separation proceeding, the amount so awarded will be treated as the spouse’s IRA (and may be transferred pursuant to a court-approved divorce decree or written legal separation agreement to another IRA of your spouse), and will not be considered a taxable distribution to you. A transfer is a tax-free direct movement of cash and/or property from one Traditional IRA to another.

N. Recharacterizations.
If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. If you have converted from a Traditional IRA to a Roth IRA, you may recharacterize the conversion along with net income attributable back to a Traditional IRA. The deadline for completing a recharacterization is your tax-filing deadline (including any extensions) for the year for which the original contribution was made or conversion completed.

Limitations and Restrictions

A. SEP Plans.
Under a SEP plan that meets the requirements of IRC Sec. 408(k), your employer may make contributions to your IRA. Your employer is required to provide you with information that describes the terms of your employer’s SEP plan.

B. Spousal IRA.
If you are married and have compensation, you may contribute to an IRA established for the benefit of your spouse for any year prior to the year your spouse turns age 70½, regardless of whether or not your spouse has compensation. You may make these spousal contributions even if you are age 70½ or older. You must file a joint income tax return for the year for which the contribution is made.

Charles Schwab & Co., Inc. Individual Retirement Plan 15
The amount you may contribute to your IRA and your spouse’s IRA is the lesser of 100% of your combined eligible compensation or $11,000 (for 2014 and 2015). This amount may be increased with cost-of-living adjustments each year. However, you may not contribute more than the individual contribution limit to each IRA.

If your spouse is age 50 or older by the close of the taxable year and is otherwise eligible, you may make an additional contribution to your spouse’s IRA. The maximum additional contribution is $1,000 per year.

C. Deduction of Rollovers and Transfers.
A deduction is not allowed for rollover or transfer contributions.

D. Gift Tax.
Transfers of your IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.

E. Special Tax Treatment.
Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to IRA distributions.

F. Prohibited Transactions.
If you or your beneficiary engage in a prohibited transaction with your IRA, as described in IRC Sec. 4975, your IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for that taxable year. The following transactions are examples of prohibited transactions with your IRA: (1) taking a loan from your IRA, (2) buying property for personal use (present or future) with IRA assets, or (3) receiving certain bonuses or premiums because of your IRA.

G. Pledging.
If you pledge any portion of your IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that year.

Other

A. IRS Plan Approval.
The agreement used to establish this IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.

B. Additional Information.
For further information on IRAs, you may wish to obtain IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs), or Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), by calling 1-800-TAX-FORM, or by visiting www.irs.gov.

C. Important Information About Procedures for Opening a New Account.
To help the government fight the funding of terrorism and money-laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. Therefore, when you open an IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

D. Qualified Reservist Distributions.
If you are an eligible qualified reservist who has taken penalty-free qualified reservist distributions from your IRA or retirement plan, you may re-contribute those amounts to an IRA, generally within a two-year period from your date of return.

E. Qualified Charitable Distributions.
If you are age 70½ or older, you may take tax-free IRA distributions of up to $100,000 per year and have these distributions paid directly to certain charitable organizations. Special tax rules may apply. This provision applies to distributions during tax years 2012 and 2013 and may apply to subsequent years if extended by Congress. For further detailed information and effective dates you may wish to obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.

F. Disaster-Related Relief.
If you qualify (e.g., you sustained an economic loss due to, or are otherwise considered affected by, certain IRS-designated disasters), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your IRA. Qualified disaster relief may include penalty-tax-free early distributions made during specified time-frames for each disaster, the ability to include distributions in your gross income ratably over multiple years, the ability to roll over distributions to an eligible retirement plan without regard to the 60-day rollover rule, and more. For additional information on specific disasters, including a complete listing of disaster areas, qualification requirements for relief, and allowable disaster-related IRA transactions, you may wish to obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.
Reproduction of IRS Letter Approving
Charles Schwab & Co., Inc. Individual Retirement Plan

Department of the Treasury
Internal Revenue Service
Washington, D.C. 20224

Plan Name: Traditional or Roth IRA Custodial Account 001
FFN: 50162472700-001 Case: 201100214
EIN: 94-1737782
Letter Serial No: M193162a

Contact Person: Sherise Dorman
Telephone Number: (202) 283-9512
In Reference to: SE:T:EP:RA

Date: 07/21/2011

Charles Schwab & Co., Inc.
211 Main Street
San Francisco, CA 94105

Dear Applicant:

In our opinion, the form of the prototype trust, custodial account or annuity contract/endorsement identified above is acceptable either for use as a traditional IRA under section 408 of the Internal Revenue Code or for use as a Roth IRA under Code section 408A, as amended through the Small Business Jobs Act of 2010.

Each individual who adopts this approved prototype will be considered to have either a traditional IRA that satisfies the requirements of Code section 408 or a Roth IRA that satisfies the requirements of Code section 408A, provided the individual explicitly and unambiguously indicates at the time of adoption which type of IRA it is to be, follows the terms of the approved prototype document applicable to the type of IRA adopted, does not engage in certain transactions specified in Code section 408(e), and, if the IRA is a trust or custodial account, the trustee or custodian is a bank within the meaning of Code section 408(n) or has been approved by the Internal Revenue Service pursuant to Code section 408(a)(2).

Code section 408(i) and related regulations require that the trustee, custodian or issuer of a contract provide a disclosure statement to each adopting individual as specified in the regulations. Publication 590, Individual Retirement Arrangements (IRAs), gives information about the items to be disclosed. The trustee, custodian or issuer of a contract is also required to provide each adopting individual with annual reports of all transactions related to the IRA.

The Internal Revenue Service has not evaluated the merits of this IRA and does not guarantee contributions or investments made under the IRA. Furthermore, this letter does not express any opinion as to the applicability of Code section 4975, regarding prohibited transactions.

This prototype IRA may have to be amended to include or revise provisions in order to comply with future changes in the law or regulations.

If you have any questions concerning IRS processing of this case, call us at the above telephone number. Please refer to the File Folder Number (FFN) shown in the heading of this letter. Please provide those adopting this prototype with your telephone number, and advise them to contact your office if they have any questions about the operation of their IRA. Please provide a copy of this letter to each adopting individual.

You should keep this letter as a permanent record. Please notify us if you terminate sponsorship of this prototype IRA.

Sincerely Yours,

Andrew E. Zuckerman
Director
Employee Plans Rulings and Agreements
Reproduction of IRS Letter
Approving Schwab as IRA Custodian

Internal Revenue Service
Department of the Treasury
Washington, D.C. 20224

Person to Contact: Ms. B. Garcia
Telephone Number: (202) 566-4185
Refer Reply to: E:EP:T:3

Date: Jan. 8, 1982
Charles Schwab & Co., Inc.
[Former address deleted]

Gentlemen:

You have requested a determination as to whether Charles Schwab & Co., Inc. may act as a passive trustee or custodian of plans benefitting owner-employees (Keoghs) and individual retirement accounts (IRAs) as provided under section 1.401-12(n) of the Income Tax Regulations.

Sections 401(d)(1) and 408(a)(2) of the Internal Revenue Code, as amended by the Employee Retirement Income Security Act of 1974 (ERISA), require a trustee or custodian of Keogh plans and IRAs to be a bank or such other person who demonstrates to the satisfaction of the Commissioner that he will administer such trusts in accordance with the requirements of sections 401 and 408, respectively.

Additionally, section 401(f) of the Code provides that a custodial account shall be treated as a qualified trust under this section if such custodial account would, except for the fact it is not a trust, constitute a qualified trust under this section and the custodian is a bank (as defined in section 401[d][1]) or other person who demonstrates to the satisfaction of the Commissioner that he will administer such trusts in accordance with the requirements of sections 401 and 408, respectively.

Section 1.401-12(n) of the regulations provides that such a person must file a written application with the Commissioner demonstrating, as set forth in that section, his ability to act as a trustee or custodian of plans benefitting owner-employees and individual retirement accounts.

We have concluded from all the representations made in the application that Charles Schwab & Co., Inc. meets the requirements of section 1.401-12(n) of the regulations and, therefore, may act as a passive trustee or custodian for Keogh plans and IRAs.

Section 408(k) of the Code defines a simplified employee pension as an individual retirement account or individual retirement annuity. Charles Schwab & Co., Inc. is not precluded under section 408 or section 401(d)(1) of the Code from acting as a nonbank trustee or custodian for simplified employee pensions.

This letter authorizes Charles Schwab & Co., Inc. to act only as a passive trustee or custodian within the meaning of section 1.401-12(n) of the regulations; that is, it is authorized only to acquire and hold particular investments specified by the custodian or trust instrument. It may not act as trustee or custodian if under the written trust or custodial instrument it has discretion to direct investment of trust or custodial funds or any other aspects of the business administration of the trust or custodial account.

This letter, while authorizing Charles Schwab & Co., Inc. to act as a passive trustee or custodian within the meaning of section 1.401-12(n) of the regulations, does not authorize it to pool accounts in a common investment fund within the meaning of section 1.401-12(n)(6)(vi) of the regulations. Charles Schwab & Co., Inc. may not act as trustee or custodian unless it undertakes to act only under trust and custodial instruments which contain a provision to the effect that the employer is to substitute another trustee or custodian upon notification by the Commissioner that such substitution is required because the specified trustee or custodian has failed to comply with the requirements of such regulations or is not keeping such records, or making such returns, or rendering such statements, as are required by forms or regulations.

Charles Schwab & Co., Inc. is required to notify the Commissioner of Internal Revenue, Attn: E:EP, Internal Revenue Service, Washington, D.C. 20224, in writing, of any change which affects the continuing accuracy of any representation made in its application required by section 1.401-12(n) of the Income Tax Regulations.

Furthermore, the continued approval of its application is contingent upon its continued satisfaction of the criteria set forth in section 1.401-12(n) of the Income Tax Regulations.

This letter constitutes a determination as to whether Charles Schwab & Co., Inc. may act as trustee under section 401(d)(1) of the Code and does not bear upon its capacity to act as trustee or custodian under any other applicable law.

Pursuant to a power of attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely yours,

William T. Allen
Chief, Employee Plans
Technical Branch
Traditional/Roth IRA Disclosure Statement Amendment

Amendment to Your IRA

This Traditional/Roth individual retirement account (IRA) disclosure statement amendment updates your Traditional/Roth IRA documents that we previously provided to you. The information provided below amends your disclosure statement for recent law changes resulting from the Tax Cuts and Jobs Act, signed into law in December 2017 which prohibits certain recharacterizations of conversions and employer-sponsored retirement plan rollovers and modifies the medical expenses early distribution penalty tax exception for certain individuals; and the Bipartisan Budget Act, signed into law in January 2018 which allows extension of rollovers of plan loan offsets due to plan termination or severance from employment and allows for rollover relief for returns of improper IRS levies.

Unless directed by us to do so, you do not need to sign or return anything to us for this amendment to apply to your IRA. Your beneficiary designation we have on file will remain in effect unless you change it by completing and signing the form that we have for this purpose.

We recommend that you review this information carefully and keep it with your other IRA papers.

NEW POTENTIAL REDUCTION OF MEDICAL EXPENSES NEEDED FOR CERTAIN INDIVIDUALS TO QUALIFY FOR EARLY DISTRIBUTION PENALTY TAX EXCEPTION

Section 2, Paragraph K is replaced with the following:

Early Distribution Penalty Tax. If you receive a Traditional IRA distribution or a nonqualified Roth IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent generally will apply to the taxable amount of the distribution unless one of the following exceptions apply. 1) Death. After your death, payments made to your beneficiary are not subject to the 10 percent early distribution penalty tax. 2) Disability. If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration. 3) Substantially equal periodic payments. You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary. You must continue these payments for the longer of five years or until you reach age 59½. 4) Unreimbursed medical expenses. If you take payments to pay for unreimbursed medical expenses that exceed a specified percentage of your adjusted gross income, you will not be subject to the 10 percent early distribution penalty tax. For further detailed information and effective dates you may obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS. The medical expenses may be for you, your spouse, or any dependent listed on your tax return. 5) Health insurance premiums. If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax. 6) Higher education expenses. Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax. 7) First-time homebuyer. You may take payments from your IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of $10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution. 8) IRS levy. Payments from your IRA made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax. 9) Qualified reservist distributions. If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your IRA during the active duty period are not subject to the 10 percent early distribution penalty tax. You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes or to claim a penalty tax exception.

NEW ROLLOVER EXTENSION FOR PLAN LOAN OFFSETS

Section 2, Paragraph L. 4 is replaced with the following:

Employer-Sponsored Retirement Plan to Traditional IRA Rollovers. You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan unless it is a required minimum distribution, hardship distribution, part of a certain series of substantially equal periodic payments, corrective distributions of excess contributions, excess deferrals, excess annual additions and any income allocable to the excess, deemed loan distribution, dividends on employer securities, the cost of life insurance coverage, or a distribution of Roth elective deferrals from a 401(k), 403(b), governmental 457(b), or federal Thrift Savings Plan.

If you elect to receive your rollover distribution prior to placing it in a Traditional IRA, thereby conducting an indirect rollover, your plan administrator generally will be required to withhold 20 percent of your distribution as a payment of income taxes. When completing the rollover, you may make up out of pocket the amount withheld and roll over the full amount distributed from your employer-sponsored retirement plan. To qualify as a rollover, your eligible rollover distribution generally must be rolled over to your Traditional IRA not later than 60 days after you receive the distribution. In the case of a plan loan offset due to plan termination or severance from employment, the deadline for completing the rollover is your tax return due date (including extensions) for the year in which the offset occurs. Alternatively, you may claim the withheld amount as income, and pay the applicable income tax, and if you are under age 59½, the 10 percent early distribution penalty tax (unless an exception to the penalty applies).

As an alternative to the indirect rollover, your employer generally must give you the option to directly roll over your employer-sponsored retirement plan balance to a Traditional IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to theTraditional IRA (or other employer-sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.

Employer-Sponsored Retirement Plan-to-Roth IRA Rollovers. You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan to your Roth IRA. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan unless it is a required minimum distribution, hardship distribution, part of a certain series of substantially equal periodic payments, corrective distributions of excess contributions, excess deferrals, excess annual additions and any income allocable to the excess, deemed loan distribution, dividends on employer securities, or the cost of life insurance coverage. If you are a spouse, nonspouse, or qualified trust beneficiary who has inherited a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan, you may be eligible to directly roll over the assets to an inherited Roth IRA. The inherited Roth IRA is subject to the beneficiary distribution requirements. If you are conducting an indirect rollover, your eligible rollover distribution generally must be rolled over to your Roth IRA not later than 60 days after you receive the distribution. In the case of a plan loan offset due to plan termination or severance from employment, the deadline for completing the rollover is your tax return due date (including extensions) for the year in which the offset occurs.

Although the rollover amount generally is included in income, the 10 percent early distribution penalty tax will not apply to rollovers from eligible employer-sponsored retirement plans to a Roth IRA or inherited Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent early distribution penalty tax.
NEW ABILITY TO ROLL OVER IRS LEVY

The following paragraph is added to Section J:

Rollover of IRS Levy. If you receive a refund of eligible retirement plan assets that had been wrongfully levied, you may roll over the amount returned up until your tax return due date (not including extensions) for the year in which the money was returned.

ELIMINATION OF ABILITY TO PERFORM CERTAIN RECHARACTERIZATIONS

Section 2, Paragraph N is replaced with the following:

Recharacterizations. If you make a contribution to a Traditional IRA and later recharacterize either all or a portion of the original contribution to a Roth IRA along with net income attributable, you may elect to treat the original contribution as having been made to the Roth IRA. The same methodology applies when recharacterizing a contribution from a Roth IRA to a Traditional IRA. For tax years beginning before January 1, 2018, if you have converted from a Traditional IRA to a Roth IRA or rolled over an eligible employer-sponsored retirement plan to a Roth IRA, you may recharacterize the conversion or rollover along with net income attributable back to the Traditional IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions), for the year for which the original contribution was made or conversion completed. However, effective for tax years beginning after December 31, 2017, you may not recharacterize a Roth IRA conversion or an employer-sponsored retirement plan rollover.
Charles Schwab & Co., Inc.
SIMPLE Individual Retirement Account

Information pertaining to your:

• SIMPLE IRA Account
Charles Schwab & Co., Inc.
SIMPLE Individual Retirement Account
Disclosure Statement

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Introduction

This Disclosure Statement, required by federal law, describes certain federal tax rules that apply to SIMPLE IRAs and to features of the Charles Schwab & Co., Inc. SIMPLE Individual Retirement Account (the “SIMPLE IRA Account,” “SIMPLE IRA,” or “Account”) under the Charles Schwab & Co., Inc. SIMPLE Individual Retirement Custodial Account Agreement (the “Custodial Account Agreement”), for which Charles Schwab & Co., Inc. ("Schwab" or “we”) will serve as custodian.

The SIMPLE IRA Account is intended to provide you (the “participant”; also “employer” if you are both the employer and the participant) with an account into which SIMPLE IRA contributions are deposited. The Account is also governed by the Schwab Retirement Plan Brokerage Account Agreement (the “Account Agreement”), as amended from time to time, and the Account Application you complete when you open your SIMPLE IRA.

This Disclosure Statement does not describe the SIMPLE IRA Plan adopted and maintained by an employer. Questions regarding eligibility to participate in an employer’s SIMPLE IRA Plan and contributions under such a plan are governed by the plan document adopted by the employer, such as the basic plan document and adoption agreement for the Schwab SIMPLE IRA Plan. If you are an employee, questions about your employer’s plan should be addressed to your employer.

We have made every effort in this Disclosure Statement to describe the Custodial Account Agreement accurately. But if there is any conflict between this statement and the provisions of the Custodial Account Agreement, the provisions contained in the Custodial Account Agreement will apply.

If you have any questions about the information contained in this publication or any of our products and services, call us at our toll-free number: 1-800-435-4000. If your account is managed by an independent investment advisor, please contact your advisor directly or call Schwab Alliance at 1-800-515-2157.

Right to Revoke Your SIMPLE IRA

If you receive this Disclosure Statement at the time you establish your SIMPLE IRA, you have the right to cancel your SIMPLE IRA within 7 days of its establishment. If, instead, Schwab mails it to you, we assume you received a copy of the Disclosure Statement 3 days after we mail it to you. To cancel, you must mail or personally deliver a written notice to any Schwab office. If you mail your notice, we consider it mailed on the postmarked date (or, if sent by certified or registered mail, the date of certification or registration) if you deposit it, properly addressed, in the U.S. mail with first-class postage. Your notice won’t be valid unless Schwab receives your notice within the seven-day period. If Schwab makes changes to its Disclosure Statement or SIMPLE IRA during the seven-day cancellation period, Schwab will inform you of the change and give you the option to cancel your agreement for an additional seven-day period. If revoked, you are entitled to a full return of the contribution you made to your SIMPLE IRA. Schwab will return your entire SIMPLE IRA contribution without penalty, service charge, administrative expenses, or any other reduction. Schwab will not make any adjustment for fluctuations in the market.

Requirements of a SIMPLE IRA

A. Cash Contributions – Your contribution must be in cash, unless it is a rollover contribution.

B. Maximum Contribution – The only contributions that may be made to your SIMPLE IRA are employee elective deferrals under a qualified salary reduction agreement, employer contributions, and other contributions allowed by the Code or related regulations, that are made under a SIMPLE IRA plan maintained by your employer. Employee elective deferrals may not exceed the lesser of 100 percent of your compensation for the calendar year or $12,000 for 2014 or $12,500 for 2015 with possible cost-of-living adjustments each year thereafter. Your employer may make additional contributions to your SIMPLE IRA within the limits prescribed in Internal Revenue Code Section (IRC Sec.) 408(p). Your employer is required to provide you with information that describes the terms of its SIMPLE IRA plan.

C. Catch-Up Contributions – If you are age 50 or older by the close of the taxable year, you may make an additional contribution to your SIMPLE IRA. The maximum additional contribution is $2,500 for 2014 or $2,000 for 2015 with possible cost-of-living adjustments each year thereafter.

D. Nonforfeitability – Your interest in your SIMPLE IRA is nonforfeitable.

E. Eligible Custodians – The custodian of your SIMPLE IRA must be a bank, savings and loan association, credit union, or a person or entity approved by the Secretary of the Treasury.

F. Commingling Assets – The assets of your SIMPLE IRA cannot be commingled with other property except in a common trust fund or common investment fund.
**G.** Life Insurance – No portion of your SIMPLE IRA may be invested in life insurance contracts.

**H.** Collectibles – You may not invest the assets of your SIMPLE IRA in collectibles (within the meaning of IRC Sec. 408(m)). A collectible is defined as any work of art, rug or antique, metal or gem, stamp or coin, alcoholic beverage, or other tangible personal property specified by the Internal Revenue Service (IRS). However, specially minted United States gold and silver coins and certain state-issued coins are permissible investments. Platinum coins and certain gold, silver, platinum or palladium bullion (as described in IRC Sec. 408(m)(3)) also are permitted as SIMPLE IRA investments.

**I.** Required Minimum Distributions – You are required to take minimum distributions from your SIMPLE IRA at certain times in accordance with Treasury Regulation 1.408-8. Below is a summary of the SIMPLE IRA distribution rules.

1. You are required to take a minimum distribution from your SIMPLE IRA for the year in which you reach age 70½ and for each year thereafter. You must take your first distribution by your required beginning date, which is April 1 of the year following the year you attain age 70½. The minimum distribution for any taxable year is equal to the amount obtained by dividing the account balance at the end of the prior year by the applicable divisor.

2. The applicable divisor generally is determined using the Uniform Lifetime Table provided by the IRS. If your spouse is your sole designated beneficiary for the entire calendar year, and is more than 10 years younger than you, the required minimum distribution is determined each year using the actual joint life expectancy of you and your spouse obtained from the Joint Life Expectancy Table provided by the IRS, rather than the life expectancy divisor from the Uniform Lifetime Table. If you fail to request your required minimum distribution by your required beginning date, we will make no distribution until you give us a proper withdrawal request. If you fail to remove a required minimum distribution, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

3. Your designated beneficiary is determined based on the beneficiaries designated as of the date of your death, who remain your beneficiaries as of September 30 of the year following the year of your death.

   - If you die on or after your required beginning date, distributions must be made to your beneficiaries over the longer of the single life expectancy of your designated beneficiaries, or your remaining life expectancy. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your SIMPLE IRA for purposes of determining the distribution period. If there is no designated beneficiary of your SIMPLE IRA, the entire SIMPLE IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

   - If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased SIMPLE IRA owner take total distribution of all SIMPLE IRA assets by December 31 of the year following the year of death.

   - If your beneficiaries fail to remove a required minimum distribution after your death, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. Your beneficiary must file IRS Form 5329 along with his or her income tax return to report and remit any additional taxes to the IRS.

4. A spouse beneficiary will have all rights as granted under the Code or applicable Treasury Regulations to treat your SIMPLE IRA as his or her own.

5. If a nonspousal designated beneficiary is your designated beneficiary, you need to file IRS Form 5329 and request the distribution once a year. The designated beneficiary must receive at least the minimum distribution each year and any additional distributions.

6. The minimum distribution that should have been taken but was not is calculated using the applicable divisor as of the end of the prior year.

7. The required minimum distribution that should have been taken but was not is considered to have been taken for the year following the year of death.

8. If you fail to make a required minimum distribution by your required beginning date, we will make no distribution until you give us a proper withdrawal request. If you fail to remove a required minimum distribution, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. You must file IRS Form 5329 along with your income tax return to report and remit any additional taxes to the IRS.

9. Your designated beneficiary is determined based on the beneficiaries designated as of the date of your death, who remain your beneficiaries as of September 30 of the year following the year of your death.

   - If you die after your required beginning date, distributions must be made to your beneficiaries over the longer of the single life expectancy of your designated beneficiaries, or your remaining life expectancy. If a beneficiary other than a person or qualified trust as defined in the Treasury Regulations is named, you will be treated as having no designated beneficiary of your SIMPLE IRA for purposes of determining the distribution period. If there is no designated beneficiary of your SIMPLE IRA, the entire SIMPLE IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

   - If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased SIMPLE IRA owner take total distribution of all SIMPLE IRA assets by December 31 of the year following the year of death.

   - If your beneficiaries fail to remove a required minimum distribution after your death, an additional penalty tax of 50 percent is imposed on the amount of the required minimum distribution that should have been taken but was not. Your beneficiary must file IRS Form 5329 along with his or her income tax return to report and remit any additional taxes to the IRS.

10. A spouse beneficiary will have all rights as granted under the Code or applicable Treasury Regulations to treat your SIMPLE IRA as his or her own.

J. Qualifying Longevity Annuity Contracts and RMDs – A qualifying longevity annuity contract (QLAC) is a deferred annuity contract that, among other requirements, must guarantee lifetime income starting no later than age 85. The total premiums paid to QLACs in your IRAs must not exceed 25 percent (up to $125,000) of the combined value of your IRAs (excluding Roth IRAs). The $125,000 limit is subject to cost-of-living adjustments each year. When calculating your RMD, you may reduce the prior year-end account value by the value of QLACs that your SIMPLE IRA holds as investments. For more information on QLACs, you may wish to refer to the IRS website at www.irs.gov.

**Income Tax Consequences of Establishing a SIMPLE IRA**

A. Deductibility for SIMPLE IRA Contributions – You may not take a deduction for the amounts contributed to your SIMPLE IRA as either employee elective deferrals or employer contributions. However, employee elective deferrals to a SIMPLE IRA will reduce your taxable income. Further, employer SIMPLE IRA contributions, including earnings, will not be taxable to you until you take a distribution from your SIMPLE IRA.

Participation in your employer’s SIMPLE IRA plan renders you an active participant for purposes of determining whether or not you can deduct contributions to a Traditional IRA.

B. Contribution Deadline – SIMPLE IRA deferral contributions must be deposited into the SIMPLE IRA as soon as administratively possible, but in no event later than 30 days following the month in which you would have otherwise received the money. Employer matching or nonelective contributions must be deposited no later than the due date for filing the employer’s tax return, including extensions.

C. Tax Credit for Contributions – You may be eligible to receive a tax credit for your SIMPLE IRA deferrals. This credit may not exceed $1,000 in a given year. You may be eligible for this tax credit if you are:

- age 18 or older as of the close of the taxable year,
- not a dependent of another taxpayer, and
- not a full-time student.
The credit is based upon your income (see chart below), and will range from 0 to 50 percent of eligible contributions. In order to determine the amount of your contributions, add all of the deferrals made to your SIMPLE IRA and reduce these contributions by any distributions that you may have taken during the testing period. The testing period begins two years prior to the year for which the credit is sought and ends on the tax return due date (including extensions) for the year for which the credit is sought. In order to determine your tax credit, multiply the applicable percentage from the chart below by the amount of your contributions that do not exceed $2,000.

*Adjusted gross income (AGI) includes foreign earned income and income from Guam, American Samoa, North Mariana Islands, and Puerto Rico. AGI limits are subject to cost-of-living adjustments each year.

**2015 Adjusted Gross Income***

<table>
<thead>
<tr>
<th>Joint Return</th>
<th>Head of a Household</th>
<th>All Other Cases</th>
<th>Applicable Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1–36,500</td>
<td>$1–27,375</td>
<td>$1–18,250</td>
<td>50</td>
</tr>
<tr>
<td>$36,501–39,500</td>
<td>$27,376–29,625</td>
<td>$18,251–19,750</td>
<td>20</td>
</tr>
<tr>
<td>$39,501–61,000</td>
<td>$29,626–45,750</td>
<td>$19,751–30,500</td>
<td>10</td>
</tr>
<tr>
<td>Over $61,000</td>
<td>Over $45,750</td>
<td>Over $30,500</td>
<td>0</td>
</tr>
</tbody>
</table>

D. **Tax-Deferred Earnings** – The investment earnings of your SIMPLE IRA are not subject to federal income tax until distributions are made (or, in certain instances, when distributions are deemed to be made).

E. **Excess Contributions** – If you defer more than the maximum allowable limit for the tax year, you have an excess deferral and must correct it. Excess deferrals, adjusted for earnings, must be distributed from your SIMPLE IRA.

If your employer mistakenly contributes too much to your SIMPLE IRA as an employer contribution, your employer may effect distribution of the employer excess amount, adjusted for earnings through the date of distribution. The amount distributed to the employer is not includible in your gross income.

F. **Income Tax Withholding** – Any withdrawal from your SIMPLE IRA is subject to federal income tax withholding. You may, however, elect not to have withholding apply to your SIMPLE IRA withdrawal. If withholding is applied to your withdrawal, not less than 10 percent of the amount withdrawn must be withheld.

G. **Early Distribution Penalty Tax** – If you receive a SIMPLE IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent (25 percent if less than two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer) will apply to the taxable amount of the distribution unless one of the following exceptions applies: 1) **Death.** After your death, payments made to your beneficiary are not subject to the 10 percent early distribution penalty tax. 2) **Disability.** If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration. 3) **Substantially equal periodic payments.** You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments (at least annual payments) over your life expectancy or the joint life expectancy of you and your beneficiary. You must continue these payments for the longer of five years or until you reach age 59½. 4) **Unreimbursed medical expenses.** If you take payments to pay for unreimbursed medical expenses exceeding 10 percent of your adjusted gross income, you will not be subject to the 10 percent early distribution penalty tax. The medical expenses may be for you, your spouse, or any dependent listed on your tax return. 5) **Health insurance premiums.** If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your SIMPLE IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax. 6) **Higher education expenses.** Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax. 7) **First-time homebuyer.** You may take payments from your SIMPLE IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of $10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution. 8) **IRS levy.** Payments from your SIMPLE IRA made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax. 9) **Qualified reservist distributions.** If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your SIMPLE IRA during the active duty period are not subject to the 10 percent early distribution penalty tax.

You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes or to claim a penalty tax exception.

H. **Rollovers and Conversions** – Your SIMPLE IRA may be rolled over to another SIMPLE IRA or Traditional IRA of yours, may receive rollover contributions from another SIMPLE IRA, or may be converted to a Roth IRA, provided that all of the applicable rollover and conversion rules are followed. Rollover is a term used to describe the movement of cash or other property from your SIMPLE IRA to either a Traditional IRA or another SIMPLE IRA, or from your SIMPLE IRA to your employer’s qualified retirement plan, 403(a) annuity plan, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan after a two-year period has been satisfied. The amount rolled over is not subject to taxation or the additional 10 percent early distribution penalty tax. Conversion is a term used to describe the movement of SIMPLE IRA assets to a Roth IRA. A conversion generally is a taxable event. The general rollover and conversion rules are summarized below. These transactions are often complex. If you have any questions regarding a rollover or conversion, please see a competent tax advisor.

1. **SIMPLE IRA-to-SIMPLE IRA Rollovers.** Assets distributed from your SIMPLE IRA may be rolled over to a SIMPLE IRA of yours if the requirements of IRC Sec. 408(d)(3) are met. A proper SIMPLE IRA-to-SIMPLE IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

   Effective for distributions taken on or after January 1, 2015, you are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590, Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.

2. **SIMPLE IRA to Traditional IRA Rollovers.** Assets distributed from your SIMPLE IRA may be rolled over to your Traditional IRA without IRS penalty tax, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. As with SIMPLE IRA-to-SIMPLE IRA rollovers, the requirements of IRC Sec. 408(d)(3) must be met. A proper SIMPLE IRA to Traditional IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received.

   Effective for distributions taken on or after January 1, 2015, you are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590, Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.

4 Charles Schwab & Co., Inc. SIMPLE Individual Retirement Account
3. **SIMPLE IRA to Employer-Sponsored Retirement Plan Rollovers.** You may roll over, directly or indirectly, any eligible rollover distribution from a SIMPLE IRA to an employer’s qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan, provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. The employer-sponsored retirement plan, however, must allow for such rollover contributions. A SIMPLE IRA may not receive rollovers from employer-sponsored retirement plans.

4. **SIMPLE IRA to Roth IRA Conversions.** You are eligible to convert all or any portion of your existing SIMPLE IRA(s) into your Roth IRA(s), provided two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. If you convert to a Roth IRA, the amount of the conversion from your SIMPLE IRA to your Roth IRA will be treated as a distribution for income tax purposes, and is includible in your gross income. Although the conversion amount generally is included in income, the 10 percent early distribution penalty tax will not apply to conversions from a SIMPLE IRA to a Roth IRA, regardless of whether you qualify for any exceptions to the 10 percent early distribution penalty tax. If you are age 70½ or older, you must remove your required minimum distribution before converting your SIMPLE IRA.

5. **Written Election.** At the time you make a rollover to a SIMPLE IRA, you must designate in writing to the custodian your election to treat that contribution as a rollover. Once made, the rollover election is irrevocable.

I. **Recharacterizations** – If you have converted from a SIMPLE IRA to a Roth IRA, you may recharacterize the conversion along with net income attributable back to the SIMPLE IRA. The deadline for completing a recharacterization is your tax-filing deadline (including any extensions) for the year in which the conversion was completed.

### Limitations and Restrictions

A. **Deduction of Rollovers and Transfers** – A deduction is not allowed for rollover or transfer contributions.

B. **Gift Tax** – Transfers of your SIMPLE IRA assets to a beneficiary made during your life and at your request may be subject to federal gift tax under IRC Sec. 2501.

C. **Special Tax Treatment** – Capital gains treatment and 10-year income averaging authorized by IRC Sec. 402 do not apply to SIMPLE IRA distributions.

D. **Prohibited Transactions** – If you or your beneficiary engage in a prohibited transaction with your SIMPLE IRA, as described in IRC Sec. 4975, your SIMPLE IRA will lose its tax-deferred status, and you must include the value of your account in your gross income for that taxable year.

The following transactions are examples of prohibited transactions with your SIMPLE IRA: (1) Taking a loan from your SIMPLE IRA; (2) Buying property for personal use (present or future) with SIMPLE IRA assets; (3) Receiving certain bonuses or premiums because of your SIMPLE IRA.

E. **Pledging** – If you pledge any portion of your SIMPLE IRA as collateral for a loan, the amount so pledged will be treated as a distribution and will be included in your gross income for that tax year.

### Other

A. **IRS Plan Approval** – The agreement used to establish this SIMPLE IRA has been approved by the IRS. The IRS approval is a determination only as to form. It is not an endorsement of the plan in operation or of the investments offered.

B. **Additional Information** – For further information on SIMPLE IRAs, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, by calling 1-800-TAX-FORM, or by visiting www.irs.gov on the Internet.

C. **Important Information About Procedures for Opening a New Account** – To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial organizations to obtain, verify, and record information that identifies each person who opens an account. Therefore, when you open a SIMPLE IRA, you are required to provide your name, residential address, date of birth, and identification number. We may require other information that will allow us to identify you.

D. **Qualified Reservist Distributions** – If you are an eligible qualified reservist who has taken penalty tax free qualified reservist distributions from your SIMPLE IRA or retirement plan, you may re-contribute those amounts to an IRA generally within a two-year period from your date of return.

E. **Disaster-Related Relief** – If you qualify (for example, you sustained an economic loss due to, or are otherwise considered affected by, certain IRS designated disasters), you may be eligible for favorable tax treatment on distributions, rollovers, and other transactions involving your IRA. Qualified disaster relief may include penalty tax free early distributions made during specified timeframes for each disaster, the ability to include distributions in your gross income ratably over multiple years, the ability to roll over distributions to an eligible retirement plan without regard to the 60-day rollover rule, and more. For additional information on specific disasters, including a complete listing of disaster areas, qualification requirements for relief, and allowable disaster-related IRA transactions, you may wish to obtain IRS Publication 590, *Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at www.irs.gov.
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Introduction
This document, the Schwab SIMPLE Individual Retirement Account Custodial Account Agreement (the “Custodial Account Agreement”), establishes the terms of your SIMPLE Individual Retirement Account.

Charles Schwab & Co., Inc. (“Schwab,” “we,” “our,” “us,” or “the custodian”) will act as custodian of the SIMPLE Individual Retirement Account (“SIMPLE IRA,” “SIMPLE IRA Account,” “Custodial Account,” or “Account”) that you (the “participant”); also “employer” if you are both the employer and the participant) establish. We intend that the Account you establish in this way will qualify as an Individual Retirement Account under “SIMPLE IRA,” “SIMPLE IRA Account,” “Custodial Account,” or “Account”) that you (the “participant”); also “employer” if you are both the employer and the participant) establish. We intend that the Account you establish in this way will qualify as an Individual Retirement Account under sections 408(a) of the Internal Revenue Code. In addition, the custodian will accept transfers or rollovers from other SIMPLE IRAs of the participant. No other contributions will be accepted by the custodian.

Note: Articles I through VII are the text of the IRS Model SIMPLE IRA Custodial Account Agreement, Form 5305-SA. Article VIII includes other terms and provisions that apply to your SIMPLE IRA Account.

Individual Retirement Custodial Account Agreement
(Rev. March 2002)

Form 5305-A under Section 408(a) of the Internal Revenue Code

The participant whose name appears on the original application has established a savings incentive match plan for employees of small employers individual retirement account (SIMPLE IRA) under sections 408(a) and 408(p) to provide for his or her retirement and for the support of his or her beneficiaries after death. The following agreement is an amendment to the prior agreement.

Article I
The custodian will accept cash contributions made on behalf of the participant by the participant’s employer under the terms of a SIMPLE IRA plan described in section 408(p). In addition, the custodian will accept transfers or rollovers from other SIMPLE IRAs of the participant. No other contributions will be accepted by the custodian.

Article II
The participant’s interest in the balance in the custodial account is nonforfeitable.

Article III
1. No part of the custodial account funds may be invested in life insurance contracts, nor may the assets of the custodial account be mingled with other property except in a common trust fund or common investment fund (within the meaning of section 408(a)(5)).
2. No part of the custodial account funds may be invested in collectibles (within the meaning of section 408(m)) except as otherwise permitted by section 408(m)(3), which provides an exception for certain gold, silver, and platinum coins, coins issued under the laws of any state, and certain bullion.

Article IV
1. Notwithstanding any provision of this agreement to the contrary, the distribution of the participant’s interest in the custodial account shall be made in accordance with the following requirements and shall otherwise comply with section 408(a)(6) and the regulations thereunder, the provisions of which are herein incorporated by reference.
2. The participant’s entire interest in the custodial account must be, or begin to be, distributed not later than the participant’s required beginning date, April 1 following the calendar year in which the participant reaches age 70⅓. By that date, the participant may elect, in a manner acceptable to the custodian, to have the balance in the custodial account distributed in: (a) A single sum or (b) Payments over a period not longer than the life of the participant or the joint lives of the participant and his or her designated beneficiary.
3. If the participant dies before his or her entire interest is distributed to him or her, the remaining interest will be distributed as follows:

   (a) If the participant dies on or after the required beginning date and:

      (i) the designated beneficiary is the participant’s surviving spouse, the remaining interest will be distributed over the surviving spouse’s life expectancy as determined each year until such spouse’s death, or over the period in paragraph (a)(iii) below if longer. Any interest remaining after the spouse’s death will be distributed over such spouse’s remaining life expectancy as determined in the year of the spouse’s death and reduced by 1 for each subsequent year, or, if distributions are being made over the period in paragraph (a)(iii) below, over such period.

      (ii) the designated beneficiary is not the participant’s surviving spouse, the remaining interest will be distributed over the beneficiary’s remaining life expectancy as determined in the year following the death of the participant and reduced by 1 for
each subsequent year, or over the period in paragraph (a) (iii) below if longer.

(iii) there is no designated beneficiary, the remaining interest will be distributed over the remaining life expectancy of the participant as determined in the year of the participant’s death and reduced by 1 for each subsequent year.

(b) If the participant dies before the required beginning date, the remaining interest will be distributed in accordance with (i) below or, if elected or there is no designated beneficiary, in accordance with (ii) below:

(i) the remaining interest will be distributed in accordance with paragraphs (a)(i) and (a)(ii) above (but not over the period in paragraph (a)(iii), even if longer), starting by the end of the calendar year following the year of the participant’s death. If, however, the designated beneficiary is the participant’s surviving spouse, then this distribution is not required to begin before the end of the calendar year in which the participant would have reached age 70½. But, in such case, if the participant’s surviving spouse dies before distributions are required to begin, then the remaining interest will be distributed in accordance with (a) (ii) above (but not over the period in paragraph (a)(iii), even if longer), over such spouse’s designated beneficiary’s life expectancy, or in accordance with (ii) below if there is no such designated beneficiary.

(ii) the remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the participant’s death.

4. If the participant dies before his or her entire interest has been distributed and if the designated beneficiary is not the participant’s surviving spouse, no additional contributions may be accepted in the account.

5. The minimum amount that must be distributed each year, beginning with the year containing the participant’s required beginning date, is known as the “required minimum distribution” and is determined as follows:

(a) The required minimum distribution under paragraph 2(b) for any year, beginning with the year the participant reaches age 70½, is the participant’s account value at the close of business on December 31 of the preceding year divided by the distribution period in the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if the participant’s designated beneficiary is his or her surviving spouse, the required minimum distribution for a year shall not be more than the participant’s account value at the close of business on December 31 of the preceding year divided by the number in the joint and last survivor table in Regulations section 1.401(a)(9)-9. The required minimum distribution for a year under this paragraph (a) is determined using the participant’s (or, if applicable, the participant and spouse’s) attained age (or ages) in the year.

(b) The required minimum distribution under paragraphs 3(a) and 3(b) (i) for a year, beginning with the year following the year of the participant’s death (or the year the participant would have reached age 70½, if applicable under paragraph 3(b)(i)) is the account value at the close of business on December 31 of the preceding year divided by the life expectancy (in the single life table in Regulations section 1.401(a)(9)-9 of the individual specified in such paragraphs 3(a) and 3(b)(i).

(c) The required minimum distribution for the year the participant reaches age 70½ can be made as late as April 1 of the following year. The required minimum distribution for any other year must be made by the end of such year.

6. The owner of two or more IRAs (other than Roth IRAs) may satisfy the minimum distribution requirements described above by taking from one IRA the amount required to satisfy the requirement for another in accordance with the regulations under section 408(a)(6).

Article V
1. The participant agrees to provide the custodian with all information necessary to prepare any reports required by sections 408(i) and 408(l)(2) and Regulations sections 1.408-5 and 1.408-6.

2. The custodian agrees to submit to the Internal Revenue Service (IRS) and participant the reports prescribed by the IRS.

3. The custodian also agrees to provide the participant’s employer the summary description described in section 408(l)(2) unless this SIMPLE IRA is a transfer SIMPLE IRA.

Article VI
Notwithstanding any other articles which may be added or incorporated, the provisions of Articles I through III and this sentence will be controlling. Any additional articles inconsistent with sections 408(a) and 408(p) and the related Regulations will be invalid.

Article VII
This agreement will be amended as necessary to comply with the provisions of the Code and the related regulations. Other amendments may be made with the consent of the persons whose signatures appear on the application.

Article VIII
8.01 Definitions – In this part of this agreement (Article VIII), the words “you” and “your” mean the participant. The words “we,” “us,” and “our” mean the custodian. The word “Code” means the Internal Revenue Code, and “regulations” means the Treasury regulations.

8.02 Notices and Change of Address – Any required notice regarding this SIMPLE IRA will be considered effective when we send it to the intended recipient at the last address that we have in our records. Any notice to be given to us will be considered effective when we actually receive it. You, or the intended recipient, must notify us of any change of address.

8.03 Representations and Responsibilities – You represent and warrant to us that any information you have given or will give us with respect to this agreement is complete and accurate. Further, you agree that any directions you give us or action you take will be proper under this agreement, and that we are entitled to rely upon any such information or directions. If we fail to receive directions from you regarding any transaction, if we receive ambiguous directions regarding any transaction, or if we, in good faith, believe that any transaction requested is in dispute, we reserve the right to take no action until further clarification acceptable to us is received from you or the appropriate government or judicial authority. We will not be responsible for losses of any kind that may result from your directions to us or your actions or failures to act, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act. We will not be responsible for any penalties, taxes, judgments, or expenses you incur in connection with your SIMPLE IRA. We have no duty to determine whether your contributions or distributions comply with the Code, regulations, rulings, or this agreement.

We may permit you to appoint, through written notice acceptable to us, an authorized agent to act on your behalf with respect to this agreement (e.g., attorney-in-fact, executor, administrator, investment manager), but we have no duty to determine the validity of such appointment or any instrument appointing such authorized agent. We will not be responsible for losses of any kind that may result from directions, actions, or failures to act by your authorized agent, and you agree to reimburse us for any loss we may incur as a result of such directions, actions, or failures to act by your authorized agent.

You will have 60 days after you receive any documents, statements, or other information from us to notify us in writing of any errors or inaccuracies reflected in these documents, statements, or other information. If you do not notify us within 60 days, the documents, statements, or other information will be deemed correct and
accurate, and we will have no further liability or obligation for such documents, statements, other information, or the transactions described therein.

By performing services under this agreement, we are acting as your agent. You acknowledge and agree that nothing in this agreement will be construed as conferring fiduciary status upon us. We will not be required to perform any additional services unless specifically agreed to under the terms and conditions of this agreement, or as required under the Code and the regulations promulgated thereunder with respect to SIMPLE IRAs. You agree to indemnify and hold us harmless for any and all claims, actions, proceedings, damages, judgments, liabilities, costs, and expenses, including attorney’s fees arising from or in connection with this agreement.

To the extent written instructions or notices are required under this agreement, we may accept or provide such information in any other form permitted by the Code or applicable regulations including, but not limited to, electronic communication.

8.04 Disclosure of Account Information – We may use agents and/or subcontractors to assist in administering your SIMPLE IRA. We may release nonpublic personal information regarding your SIMPLE IRA to such providers as necessary to provide the products and services made available under this agreement, and to evaluate our business operations and analyze potential product, service, or process improvements.

8.05 Service Fees – We have the right to charge an annual service fee or other designated fees (e.g., a transfer, rollover, or termination fee) for maintaining your SIMPLE IRA. In addition, we have the right to be reimbursed for all reasonable expenses, including legal expenses, we incur in connection with the administration of your SIMPLE IRA. We may charge you separately for any fees or expenses, or we may deduct the amount of the fees or expenses from the assets in your SIMPLE IRA at our discretion. We reserve the right to charge an additional fee after giving you 30 days’ notice. Fees such as sub-transfer agent fees or commissions may be paid to us by third parties for assistance in performing certain transactions with respect to this SIMPLE IRA.

Any brokerage commissions attributable to the assets in your SIMPLE IRA will be charged to your SIMPLE IRA. You cannot reimburse your SIMPLE IRA for those commissions.

8.06 Investment of Amounts in the SIMPLE IRA – You have exclusive responsibility for and control over the investment of the assets of your SIMPLE IRA. All transactions will be subject to any and all restrictions or limitations, direct or indirect, that are imposed by our charter, articles of incorporation, or bylaws; any and all applicable federal and state laws and regulations; the rules, regulations, customs, and usages of any exchange, market, or clearinghouse where the transaction is executed; our policies and practices; and this agreement. After your death, your beneficiaries will have the right to direct the investment of your SIMPLE IRA assets, subject to the same conditions that applied to you during your lifetime under this agreement (including, without limitation, Section 8.03 of this article). We will have no discretion to direct any investment in your SIMPLE IRA. We assume no responsibility for rendering investment advice with respect to your SIMPLE IRA, nor will we offer any opinion or judgment to you on matters concerning the value or suitability of any investment or proposed investment for your SIMPLE IRA. In the absence of instructions from you or if the instructions are not in a form acceptable to us, we shall invest any uninvested cash balances in accordance with the default investment described in the Account Application and other disclosures as we may provide. By executing the Account Application (or making a subsequent designation), you authorize and direct us to invest or deposit the uninvested cash balances in your SIMPLE IRA account as described in those documents. We shall continue to make such default investments until additional investment direction is provided by you in a form and manner acceptable to us. All transactions shall be subject to any and all applicable federal and state laws and regulations and the rules, regulations, customs, and usages of any exchange, market, or clearinghouse where the transaction is executed and to our policies and practices.

We will not exercise the voting rights and other shareholder rights with respect to investments in your SIMPLE IRA unless you provide timely written directions acceptable to us.

You will select the investment for your SIMPLE IRA assets from those investments that we are authorized by our charter, articles of incorporation, or bylaws to offer and do in fact offer for SIMPLE IRAs (e.g., term share accounts, passbook accounts, certificates of deposit, money market accounts).

8.07 Beneficiaries – If you die before you receive all of the amounts in your SIMPLE IRA, payments from your SIMPLE IRA will be made to your beneficiaries. We have no obligation to pay to your beneficiaries until such time we are notified of your death by receiving a valid death certificate.

You may designate one or more persons or entities as beneficiary of your SIMPLE IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during your lifetime. Each beneficiary designation you file with us will cancel all previous designations. The consent of your beneficiaries will not be required for you to revoke a beneficiary designation. If you have designated both primary and contingent beneficiaries and no primary beneficiary survives you, the contingent beneficiaries will acquire the designated share of your SIMPLE IRA. If you do not designate a beneficiary or if all of your primary and contingent beneficiaries predecease you, your estate will be the beneficiary.

A spouse beneficiary will have all rights as granted under the Code or applicable regulations to treat your SIMPLE IRA as his or her own. We may allow, if permitted by state law, an original SIMPLE IRA beneficiary (the beneficiary who is entitled to receive distributions from an inherited SIMPLE IRA at the time of your death) to name successor beneficiaries for the inherited SIMPLE IRA. This designation can only be made on a form provided by or acceptable to us, and it will only be effective when it is filed with us during the original SIMPLE IRA beneficiary’s lifetime. Each beneficiary designation form that the original SIMPLE IRA beneficiary files with us will cancel all previous designations. The consent of a successor beneficiary will not be required for the original SIMPLE IRA beneficiary to revoke a successor beneficiary designation. If the original SIMPLE IRA beneficiary does not designate a successor beneficiary, his or her estate will be the successor beneficiary. In no event will the successor beneficiary be able to extend the distribution period beyond that required for the original SIMPLE IRA beneficiary.

If we so choose, for any reason (e.g., due to limitations of our charter or bylaws), we may require that a beneficiary of a deceased SIMPLE IRA owner take total distribution of all SIMPLE IRA assets by December 31 of the year following the year of death.

8.08 Required Minimum Distributions – Your required minimum distribution is calculated using the uniform lifetime table in Regulations section 1.401(a)(9)-9. However, if your spouse is your sole designated beneficiary and is more than 10 years younger than you, your required minimum distribution is calculated each year using the joint and last survivor table in Regulations section 1.401(a)(9)-9. If you fail to request your required minimum distribution by your required beginning date, we will make no distribution until you give us a proper withdrawal request.

We will not be liable for any penalties or taxes related to your failure to take a required minimum distribution.
8.09 Termination of Agreement, Resignation, or Removal of Custodian – Either party may terminate this agreement at any time by giving written notice to the other. We can resign as custodian at any time effective 60 days after we deliver written notice of our resignation to you. Upon receipt of that notice, you must make arrangements to transfer your SIMPLE IRA to another financial organization (trustee or custodian). If you do not complete a transfer of your SIMPLE IRA within 60 days from the date we deliver the notice to you, we have the right to transfer your SIMPLE IRA assets to a successor SIMPLE IRA trustee or custodian that we choose in our sole discretion, or we may pay your SIMPLE IRA to you (or your beneficiary) in a single sum. We will not be liable for any actions or failures to act on the part of any successor trustee or custodian, nor for any tax consequences you may incur that result from the transfer or distribution of your assets pursuant to this section.

If this agreement is terminated, we may charge to your SIMPLE IRA a reasonable amount of money that we believe is necessary to cover any associated costs, including but not limited to one or more of the following:

- Any fees, expenses, or taxes chargeable against your SIMPLE IRA
- Any penalties or surrender charges associated with the early withdrawal of any savings instrument or other investment in your SIMPLE IRA

If we are a nonbank custodian required to comply with Regulations section 1.408-2(e) and we fail to do so or we are not keeping the records, making the returns, or sending the statements as are required by forms or regulations, the IRS may require us to substitute another trustee or custodian.

We may establish a policy requiring distribution of the entire balance of your SIMPLE IRA to you in cash or property if the balance of your SIMPLE IRA drops below the minimum balance, or for other reasons as may be required under the applicable investment or policy established.

8.10 Successor Custodian – If our organization changes its name, reorganizes, merges with another organization (or comes under the control of any federal or state agency), or if our entire organization (or any portion that includes your SIMPLE IRA) is bought by another organization, that organization (or agency) will automatically become the trustee or custodian of your SIMPLE IRA, but only if it is the type of organization authorized to serve as a SIMPLE IRA trustee or custodian.

8.11 Amendments – We have the right to amend this agreement at any time. Any amendment we make to comply with the Code and related regulations does not require your consent. You will be deemed to have consented to any other amendment unless, within 30 days from the date we send the amendment, you notify us in writing that you do not consent.

8.12 Withdrawals or Transfers – All requests for withdrawal or transfer will be in writing on a form provided by or acceptable to us. The method of distribution must be specified in writing or in any other method acceptable to us. The tax identification number of the recipient must be provided to us before we are obligated to make a distribution. Withdrawals will be subject to all applicable tax and other laws and regulations, including but not limited to possible early distribution penalty taxes, surrender charges, and withholding requirements.

8.13 Transfers From Other Plans – We can receive amounts transferred or rolled over to this SIMPLE IRA from the trustee or custodian of another SIMPLE IRA. We reserve the right not to accept any transfer or rollover.

8.14 Liquidation of Assets – We have the right to liquidate assets in your SIMPLE IRA if necessary to make distributions or to pay fees, expenses, taxes, penalties, or surrender charges properly chargeable against your SIMPLE IRA. If you fail to direct us as to which assets to liquidate, we will decide, in our complete and sole discretion, and you agree to not hold us liable for any adverse consequences that result from our decision.

8.15 Restrictions on the Fund – Neither you nor any beneficiary may sell, transfer, or pledge any interest in your SIMPLE IRA in any manner whatsoever, except as provided by law or this agreement.

The assets in your SIMPLE IRA will not be responsible for the debts, contracts, or torts of any person entitled to distributions under this agreement.

8.16 What Law Applies – This agreement is subject to all applicable federal and state laws and regulations. If it is necessary to apply any state law to interpret and administer this agreement, the law of our domicile will govern.

If any part of this agreement is held to be illegal or invalid, the remaining parts will not be affected. Neither you nor our failure to enforce at any time or for any period of time any of the provisions of this agreement will be construed as a waiver of such provisions, or your right or our right thereafter to enforce each and every such provision.

8.17 Summary Description Requirements – Notwithstanding Article V above, we will be deemed to have satisfied our summary description reporting requirements under Internal Revenue Code (IRC) Section 408(j)(2) if either:

a. we provide a summary description directly to you, or
b. we provide our name, address, and withdrawal procedures to you, and your employer provides you with all other required information.

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Purpose of Form

Form 5305-SA is a model custodial account agreement that meets the requirements of sections 408(a) and 408(p) and has been pre-approved by the IRS. A SIMPLE individual retirement account (SIMPLE IRA) is established after the form is fully executed by both the individual (participant) and the custodian. This account must be created in the United States for the exclusive benefit of the participant and his or her beneficiaries.

Do not file Form 5305-SA with the IRS. Instead, keep it with your records.

For more information on SIMPLE IRAs, including the required disclosures the custodian must give the participant, see Pub. 590, Individual Retirement Arrangements (IRAs).

Definitions

Participant – The participant is the person who establishes the custodial account.

Custodian – The custodian must be a bank or savings and loan association, as defined in section 408(l), or other person who has the approval of the IRS to act as custodian.

Transfer SIMPLE IRA

This SIMPLE IRA is a “transfer SIMPLE IRA” if it is not the original recipient of contributions under any SIMPLE IRA plan. The summary description requirements of section 408(j)(2) do not apply to transfer SIMPLE IRAs.
Specific Instructions

Article IV – Distributions made under this article may be made in a single sum, periodic payment, or a combination of both. The distribution option should be reviewed in the year the participant reaches age 70½ to ensure that the requirements of section 408(a)(6) have been met.

Article VIII – Article VIII and any that follow it may incorporate additional provisions that are agreed to by the participant and custodian to complete the agreement. They may include, for example, definitions, investment powers, voting rights, exculpatory provisions, amendment and termination, removal of the custodian, custodian’s fees, state law requirements, beginning date of distributions, accepting only cash, treatment of excess contributions, prohibited transactions with the participant, etc. Attach additional pages if necessary.

Simple IRA Disclosure Statement Amendment

Amendment to Your Simple IRA

This SIMPLE individual retirement account (IRA) disclosure statement amendment updates your SIMPLE IRA documents that we previously provided to you. The information provided below amends your disclosure statement for recent changes resulting from the Tax Cuts and Jobs Act, signed into law in December 2017 which prohibits certain recharacterizations of conversions and employer-sponsored retirement plan rollovers and modifies the medical expenses early distribution penalty tax exception for certain individuals; and the Bipartisan Budget Act, signed into law in January 2018 which allows extension of rollovers of plan loan offsets due to plan termination or severance from employment and allows for rollover relief for returns of improper IRS levies.

Unless directed by us to do so, you do not need to sign or return anything to us for this amendment to apply to your SIMPLE IRA. Your beneficiary designation we have on file will remain in effect unless you change it by completing and signing the form that we have for this purpose.

We recommend that you review this information carefully and keep it with your other SIMPLE IRA papers.

NEW POTENTIAL REDUCTION OF MEDICAL EXPENSES NEEDED FOR CERTAIN INDIVIDUALS TO QUALIFY FOR EARLY DISTRIBUTION PENALTY TAX EXCEPTION

Paragraph G under the heading INCOME TAX CONSEQUENCES OF ESTABLISHING A SIMPLE IRA is being replaced with the following:

Early Distribution Penalty Tax. If you receive a SIMPLE IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent (25 percent if less than two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer) will apply to the taxable amount of the distribution unless one of the following exceptions apply. 1) Death. After your death, payments made to your beneficiary are not subject to the 10 percent early distribution penalty tax. 2) Disability. If you are disabled at the time of distribution, you are not subject to the additional 10 percent early distribution penalty tax. In order to be disabled, a physician must determine that your impairment is being replaced with the following:

3) Substantially equal periodic payments. You are not subject to the additional 10 percent early distribution penalty tax if you are taking a series of substantially equal periodic payments over your life expectancy or the joint life expectancy of you and your beneficiary. You must continue these payments for the longer of five years or until you reach age 59½. 4) Unreimbursed medical expenses. If you take payments to pay for unreimbursed medical expenses that exceed a specified percentage of your adjusted gross income, you will not be subject to the 10 percent early distribution penalty tax. For further detailed information and effective dates you may obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS. The medical expenses may be for you, your spouse, or any dependent listed on your tax return. 5) Health insurance premiums. If you are unemployed and have received unemployment compensation for 12 consecutive weeks under a federal or state program, you may take payments from your SIMPLE IRA to pay for health insurance premiums without incurring the 10 percent early distribution penalty tax. 6) Higher education expenses. Payments taken for certain qualified higher education expenses for you, your spouse, or the children or grandchildren of you or your spouse, will not be subject to the 10 percent early distribution penalty tax. 7) First-time homebuyer. You may take payments from your SIMPLE IRA to use toward qualified acquisition costs of buying or building a principal residence. The amount you may take for this reason may not exceed a lifetime maximum of $10,000. The payment must be used for qualified acquisition costs within 120 days of receiving the distribution. 8) IRAs. Payments from your SIMPLE IRA are made to the U.S. government in response to a federal tax levy are not subject to the 10 percent early distribution penalty tax. 9) Qualified reservist distributions. If you are a qualified reservist member called to active duty for more than 179 days or an indefinite period, the payments you take from your SIMPLE IRA during the active duty period are not subject to the 10 percent early distribution penalty tax.

You must file IRS Form 5329 along with your income tax return to the IRS to report and remit any additional taxes or to claim a penalty tax exception.

NEW ROLLOVER RULES

Add the following paragraphs under the heading INCOME TAX CONSEQUENCES OF ESTABLISHING A SIMPLE IRA, Section H – Rollovers and Conversions:

Traditional IRA-to-SIMPLE IRA Rollovers. Assets distributed from your Traditional IRA may be rolled over to a SIMPLE IRA if the requirements of IRC Sec. 408(d)(3) are met and two years have passed since you first participated in a SIMPLE IRA plan sponsored by your employer. A proper Traditional IRA-to-SIMPLE IRA rollover is completed if all or part of the distribution is rolled over not later than 60 days after the distribution is received. In the case of a distribution for a first-time homebuyer where there was a delay or cancellation of the purchase, the 60-day rollover period may be extended to 120 days.

You are permitted to roll over only one distribution from an IRA (Traditional, Roth, or SIMPLE) in a 12-month period, regardless of the number of IRAs you own. A distribution may be rolled over to the same IRA or to another IRA that is eligible to receive the rollover. For more information on rollover limitations, you may wish to obtain IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), from the IRS or refer to the IRS website at www.irs.gov.

Employer-Sponsored Retirement Plan-to-SIMPLE IRA Rollovers. You may roll over, directly or indirectly, any eligible rollover distribution from an eligible employer-sponsored retirement plan to a SIMPLE IRA provided two years have passed since you first participated in the SIMPLE IRA plan sponsored by your employer. An eligible rollover distribution is defined generally as any distribution from a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan unless it is a required minimum distribution, hardship distribution, part of a certain series of substantially equal periodic payments, corrective distributions of excess contributions, excess deferrals, excess annual additions and any income allocable to the excess, deemed loan distribution, dividends on employer securities, the cost of life insurance coverage, or a distribution of Roth elective deferrals from a 401(k), 403(b), governmental 457(b), or federal Thrift Savings Plan.

If you elect to receive your rollover distribution prior to placing it in a SIMPLE IRA, thereby conducting an indirect rollover, your plan administrator generally will be required to withhold 20 percent of your distribution as a payment of income taxes. When completing the rollover, you may make up out of pocket the amount withheld, and roll over the full amount distributed from your employer-sponsored retirement plan. To qualify as a rollover, your eligible rollover distribution generally must be
rolled over to your SIMPLE IRA not later than 60 days after you receive the distribution. In the case of a plan loan offset due to plan termination or severance from employment, the deadline for completing the rollover is your tax return due date (including extensions) for the year in which the offset occurs. Alternatively, you may claim the withheld amount as income, and pay the applicable income tax, and if you are under age 59½, the 10 percent early distribution penalty tax (unless an exception to the penalty applies).

As an alternative to the indirect rollover, your employer generally must give you the option to directly roll over your employer-sponsored retirement plan balance to a SIMPLE IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the SIMPLE IRA (or other eligible employer-sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.

NEW ABILITY TO ROLL OVER IRS LEVY

Add the following paragraph under the heading INCOME TAX CONSEQUENCES OF ESTABLISHING A SIMPLE IRA, Section H – Rollovers and Conversions:

Rollover of IRS Levy. If you receive a refund of eligible retirement plan assets that had been wrongfully levied, you may roll over the amount returned up until your tax return due date (not including extensions) for the year in which the money was returned.

ELIMINATION OF ABILITY TO PERFORM CERTAIN RECHARACTERIZATIONS

Paragraph I under the heading INCOME TAX CONSEQUENCES OF ESTABLISHING A SIMPLE IRA is being replaced with the following:

Recharacterizations. For tax years beginning before January 1, 2018, if you have converted from a SIMPLE IRA to a Roth IRA, you may recharacterize the conversion along with net income attributable back to the SIMPLE IRA. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year in which the conversion was completed. However, effective for tax years beginning after December 31, 2017, you may not recharacterize a Roth IRA conversion.