



April 2021

Individual Retirement Account Holder—For Clients of Independent Investment Advisors

Important Account Agreement and Disclosure Information

Inside this booklet, you'll find important account documents that we encourage you to read and keep for future reference. These documents govern your account with Charles Schwab & Co., Inc. ("Schwab") that is managed by an independent investment advisor. If you have any questions, please contact your advisor directly or call Schwab Alliance at 1-800-515-2157.

What's Inside:

Important Disclosures

- Charles Schwab Pricing Guide
- Cash Features Disclosure Statement

Account Documents

- Schwab IRA and ESA Account Agreement
- Charles Schwab & Co., Inc. Individual Retirement Plan

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- Cash Features Disclosure Statement Section 2
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How to Reach Us:

By Phone: Call 1-800-515-2157.

April 2021

For Clients of Independent Investment Advisors

Please read this important information carefully.

Charles Schwab Pricing Guide

Pricing information in this *Charles Schwab Pricing Guide* ("Pricing Guide") is applicable to your Account(s) managed by an independent investment advisor and supersedes prior pricing details and notices you may have received. Charles Schwab & Co., Inc. ("Schwab") reserves the right to change or waive fees at our discretion. Please keep this Pricing Guide for your reference.

The most recent pricing information is available at www.schwab.com/aspricingguide.

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Introduction

Schwab provides a broad range of value-added services, some of which have associated fees. This document provides you with an overview of standard pricing for commissions, transaction fees, and key account and service fees for:

- Accounts (including international accounts) that are managed by an independent investment advisor ("advisor") pursuant to a direct contractual relationship between you and the advisor.
- Accounts that are invested in Windhaven® ThomasPartners® or Wasmer Schroeder™ strategies managed by Schwab affiliate Charles Schwab Investment Management, Inc. ("CSIM") pursuant to a direct contractual relationship between you and CSIM.

The fees in this Pricing Guide are applicable to all account types listed above, unless otherwise stated.

Throughout this Pricing Guide, notations are marked with a number and can be found in the Endnotes section at the end of the Pricing Guide.

How Schwab determines account and household service fees and commissions is based, in part, on calculations that consider your Household Balance and activities. "Household Balance" is defined as the total combined value, over a given period of time, of the Accounts of Your Household, including margin balances and other outstanding debit balances like mortgages and home equity lines of credit (HELOCs). In order to determine if you qualify for any fee waivers, Schwab will add up your daily Household Balances for the applicable time period and then divide this total by the number of days in the period. For more details on how we determine Accounts of Your Household, please see the section entitled "Accounts of Your Household Explanation."

There are two standard types of pricing: (1) Basic Pricing and (2) Alternative Pricing. Both are described below. You can obtain more information about the pricing for your Account(s) by asking your advisor.

Each such advisor is referred to herein as your "Agent." Your Agent is not affiliated with, controlled by, or employed by Schwab.

Basic Pricing Your Account(s) will have Basic Pricing unless your Agent has agreed with Schwab to Alternative Pricing or has otherwise requested Alternative Pricing where available.

Alternative Pricing Alternative Pricing is pricing that has been agreed to by Schwab and your Agent or that is otherwise available to you upon your Agent's request.

Alternative Pricing rates are generally lower than the rates listed in the Basic Pricing schedules, but can be higher. In any case, Alternative Pricing rates will not exceed the highest Alternative Pricing rates listed in this document. Schwab reserves the right, but has no obligation, to negotiate Alternative Pricing with your Agent.

The terms of Alternative Pricing can relate to any one or more of the following: commissions; account, transaction, and service fees that clients and/or advisors pay to Schwab; and/or credits, rebates, and cash payments that are made to clients and/or advisors.

The terms of Alternative Pricing that apply to you can be based upon the nature and scope of business that your advisor transacts with Schwab, including the current and expected future amount of your advisor's client assets that are custodied at Schwab, the types of securities in your advisor's client accounts, and/or the expected frequency of your advisor's trading. Alternative Pricing terms also consider research and other products and services that Schwab provides to your advisor and/or whether your advisor declines to pay service fees to Schwab, such as in cases where an advisor's aggregate client assets at Schwab do not meet a certain threshold. As a result, the commissions, fees, credits, rebates, and payments for your Account(s) held with your advisor can be higher or lower than those of other clients of your advisor and/or those of clients of other advisors. Schwab may change this pricing if the nature and scope of business that your advisor transacts with Schwab changes or does not reach agreed-upon levels or if your advisor declines to pay service fees to Schwab. In any of these cases, the pricing for your advisor's client accounts, including your Account(s), may increase to an amount determined by Schwab that will not exceed the highest Alternative Pricing rates listed in this document. Should such an increase in pricing occur, Schwab will notify your advisor, as your Agent, of the increase. Unless the increase exceeds the highest Alternative Pricing rates listed in this document, Schwab will not notify you directly.

Schwab may provide certain advisors, at no fee or at a discounted fee, with research, software, technology, information and consulting services, and other products and services that benefit the advisor but that may not necessarily benefit client Account(s). Schwab's provision of these products and services to the advisor may be based upon a commitment that the advisor makes to Schwab regarding the amount and

type of assets that the advisor's clients place in their brokerage accounts at Schwab (i.e., custodial assets at Schwab) within a certain period of time. The advisor's decision to make such a commitment to Schwab, as well as the advisor's receipt of these products and services, may cause the advisor to recommend or require that clients maintain brokerage accounts at Schwab, and could also influence the advisor's recommendations or decisions about which investments to purchase or sell for client Account(s). If your advisor participates in this type of arrangement, this is a conflict of interest. If you have any questions, you should discuss them with your advisor.

Schedule of Commissions, Transaction Fees, and Handling Fees¹

Definition of Electronic Trades Trades placed through one of our electronic channels, including online (e.g., www.schwaballiance.com or www.schwabadvisorcenter.com), Schwab Mobile, and automated phone services (e.g., Schwab by Phone™ or TeleBroker®). Certain securities may not be available through all electronic trading channels.

Stocks and Exchange-Traded Funds²

Electronic Trades

Electronic Trades	\$0
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For stocks less than \$1 per share: When you're purchasing, we require cleared funds in the Account. When you're selling, we require securities on deposit.

Alternative Pricing for each executed trade will not exceed the greater of:

- \$0.12 per share, or
- 10% of principal, or
- \$50 minimum

Broker-Assisted Trades

Broker-Assisted Trades	\$25
Other trades requiring special handling, including, but not limited to, DVP* Trades, Early Settlement Trades, and Restricted Stock Trades	\$25

Excludes non-U.S. ETFs, which are available only to non-U.S. residents.

*DVP: Delivery versus Payment.

Note: For Equity New Issues (Primary and Secondary Offerings), a selling concession is included in the offering price.

Corporate Executive Services and Stock Plan Services have pricing that can differ from the pricing contained in this Pricing Guide.

Non-U.S. ETFs Non-U.S. ETFs are available for eligible non-U.S. residents as broker-assisted trades, subject to a \$50 transaction fee. For non-U.S. ETF orders, please contact your independent investment advisor, or call the Global Services team from inside the U.S. at 1-800-992-4685 and from outside the U.S. at +1-415-667-8400.

Stock Borrow Fees for Short Selling

For certain securities, if you have an open order or open short position in your Account, whether it is established through short selling, option exercise or assignment, account transfer, or otherwise, Schwab can charge a Stock Borrow Fee. The fee is calculated as the end of day short market value, multiplied by the quoted interest rate, divided by 360. This Stock Borrow Fee is subject to change on a daily basis and can be charged as long as you hold the open short position. The aggregate monthly Stock Borrow Fee will appear on your account statement. The interest rate charged will vary depending on the supply and demand for the particular security in the securities lending market. Schwab can seek to charge you any rate consistent with Schwab's view of competitive necessities.

Mutual Funds³

Mutual Fund No-Transaction-Fee (NTF) Funds

Trade orders in no-load funds available through the Mutual Fund OneSource® service (including Schwab Funds®), as well as certain other funds, are available with no transaction fees. For each trade order placed through a broker, a \$25 service charge may apply to accounts that are enrolled with Schwab and managed by an advisor.

Transaction Fee	Short-Term Redemption Fee [†]
\$0	\$49.95

[†]Schwab's short-term redemption fee will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource service (and certain other funds with no transaction fees) and held for 90 days or less. Schwab reserves the right to exempt certain funds from this fee, including Schwab Funds, which can charge a separate redemption fee, and funds that accommodate short-term trading.

Mutual Fund Transaction-Fee Funds

Electronic Trades

Transaction Fee	Reduced Transaction Fee [†]
\$45	\$25

Broker-Assisted Trades

Transaction Fee	Reduced Transaction Fee [†]
\$65	\$45

[†]Certain transaction-fee funds are eligible for a reduced transaction fee. Generally, mutual funds are eligible for reduced transaction fees where the funds or their affiliates pay Schwab for recordkeeping, shareholder, and other administrative services we provide. Please contact your independent investment advisor directly or call Schwab Alliance at 1-800-515-2157 for more information.

Alternative Pricing transaction-fee minimum can be as high as \$45.

Mutual fund interclass exchange transactions will be subject to a transaction fee if the transaction on either side (purchase or redemption) of the interclass exchange involves a transaction-fee fund; the fee will be calculated pursuant to the transaction-fee mutual fund pricing schedule set forth above. If the fund on either side (purchase or redemption) of the interclass exchange is a no-transaction-fee fund, that side of the exchange will not be subject to a transaction fee but can be subject to a \$25 service charge if the interclass exchange transaction was placed through a broker.

Other Information for All Mutual Fund Transactions

Some funds also charge sales and/or redemption fees. Please read the prospectuses for details. You can buy shares directly from a fund company or its principal underwriter or distributor without paying Schwab's transaction or service charges (except where Schwab is also acting in the capacity of a principal underwriter or distributor with respect to affiliated funds).

Options

Electronic Trades

Executed Contracts	Basic Pricing
All	\$0 base commission, \$0.65 per-contract fee

Broker-Assisted Trades

Executed Contracts	Basic Pricing
All	\$25.00 base commission plus \$0.65 per-contract fee

Alternative Pricing for each executed trade will not exceed the greater of:

- \$6.25 per contract, or
- 2% of principal, or
- \$43.95 minimum per leg

Fixed Income Investments⁴

Schwab reserves the right to act as principal on any fixed income transaction, public offering, or securities transaction. When Schwab acts as principal, the bond price includes our transaction fee (outlined below) and can also include a markup that reflects the bid-ask spread and is not subject to a minimum or maximum. When trading as principal, Schwab may also be holding the security in its own account prior to selling it to you and, therefore, may make (or lose) money depending on whether the price of the security has risen or fallen while Schwab has held it. When Schwab acts as agent, a commission will be charged on the transaction.

For accounts (including international accounts) managed by an advisor that are enrolled with Schwab, the following rates apply:

Product Type	Online Pricing	Broker-Assisted Pricing
Treasuries at auction and secondary Treasuries, including Treasury bonds, Treasury bills, Treasury notes, and TIPS	\$0	\$25
Government agencies, including non-pass-through bonds from FNMA, FHLB, etc.	\$0.20 per bond (\$10 minimum/\$250 maximum)	\$0.24 per bond (\$10 minimum/\$275 maximum)
Other secondary market fixed income trades, including CDs, corporate bonds, municipal bonds, zero-coupon Treasury bonds, and STRIPS	\$1 per bond (\$10 minimum/\$250 maximum)	\$1.20 per bond (\$10 minimum/\$275 maximum)
New issues, including certificates of deposit ⁵	Selling concession is included in the original offering price.	
Commercial Paper, Foreign Bonds, Asset-Backed Securities, Mortgage-Backed Securities, Collateralized Mortgage Obligations, and Unit Investment Trusts	These are specialty products—please call us for information.	
Preferred equity or debt or REITs	Stock commissions and minimums apply for secondary market transactions.	

Trades placed through a Schwab Alliance or Schwab Investor Services representative will be charged an additional \$25 broker-assisted fee and will be subject to a \$35 minimum and a \$275 maximum. Trades for new issues placed through a broker are not subject to these premiums.

Note: Our commissions and markups can be slightly less than our published schedule shown above due to rounding.

Alternative Pricing minimums will not exceed \$60.

Large Transactions Contact a Schwab Bond Specialist or your advisor for orders of more than 250 bonds. These orders can be eligible for special handling and/or pricing.

Fixed Income Directed Trades

A Directed Trade occurs when an advisor is shown a bid or offer by a broker-dealer other than Schwab and subsequently requests that Schwab execute the trade with the contra broker-dealer for a designated Schwab account. Schwab will confirm the transaction with the contra broker-dealer and send a trade confirmation to the client. The fee for a Directed Trade is \$50 per trade or trade allocation.

Prime Brokerage, Trade-Away, and Step-In Trades

Prime Brokerage, Trade-Away, and Step-In trades are designed to give you and your advisor the ability to execute trades using assets held in your Account(s) at broker-dealers other than Schwab, known as “Executing Brokers.” Schwab charges \$25 per trade allocation for Prime Brokerage, Trade-Away, and Step-In trades.

Note: There can be other fees charged by the Executing Broker.

Service Fees

Exchange Process Fee

This is a fee Schwab charges to offset fees imposed on us by national securities and self-regulatory organizations or by U.S. option exchanges.

The Securities and Exchange Commission (SEC) assesses transaction fees on national securities exchanges and self-regulatory organizations based on the aggregate dollar amount of the sales of certain securities. The SEC recalculates the amount of this fee periodically—at least once per year, but sometimes more often.

National securities exchanges and self-regulatory organizations offset the transaction fees by charging their member broker-dealers such as Schwab, and we, in turn, offset this fee by charging you an Exchange Process Fee for covered transactions.

U.S. option exchanges charge Schwab and other broker-dealers per-contract fees for purchases and sales of exchange-listed options. The exchanges may charge these fees even on transactions executed on other exchanges, which can result in multiple fees being imposed on Schwab for a single transaction. Any Exchange Process Fee that appears on your trade confirmation for a sale of an exchange-listed option will combine the offsets for the fees charged both by the U.S. option exchanges and by the national securities and self-regulatory organizations.

Schwab's Exchange Process Fee will rise or fall periodically depending upon the rates set by the SEC or by the U.S. option exchanges, as applicable.

Exchange Process Fee for American Depositary Receipts (ADR)

This is a fee Schwab charges to offset fees imposed on us by executing brokers. It is associated with transaction taxes assessed by certain governments as a percentage of the purchase amount on certain securities, and the rate is subject to change. The fee will appear as an “Exchange Process Fee” on your trade confirmation.

American Depositary Receipt (ADR) Pass-Through Fees

Banks that custody ADRs (“ADR agents”) are permitted to charge ADR holders fees. An ADR agent is authorized under its agreement with the issuer to impose a fee on holders of the issue. Fees collected from Schwab by the Depository Trust Company (DTC) for an ADR will be automatically passed through to those ADR holders. They will be deducted from your Schwab Account(s) and shown on your statement(s) as “ADR Pass-Thru Fee.” Amounts and timing differ by ADR.

Account Activity Fees

Fee	Amount
Order out of physical certificates (for all U.S. and some Canadian securities) if held in physical certificate form prior to order out	\$100 per certificate. Additional charges can apply for rush requests.
Order out of certificates (for foreign securities): Physical certificates	Variable fee (based on the location of the transfer agent)
Security reorganization: Voluntary and post-effective	\$9.95
Full transfer (out) of assets	\$50 per account
Transfer of title for certificates ⁶	\$25 per position

Cashiering Fees

Fee	Amount
Check order fee	No charge for standard checks
Overnight fee	\$8.50
Nonsufficient funds/returned item	\$25 per item
Wire transfer (outgoing) ⁷	\$25 per transfer; \$15 per transfer if electronic channel is used

Custody Fees for Non-Publicly Traded Securities

Description	Amount
Annual custody fee for Non-Publicly Traded Securities ⁸	\$250 per position Maximum of \$500 per account

Accounts of Your Household Explanation

"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.

Schwab aggregates the balances and activities of Accounts of Your Household to determine the following 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, if there is a dependent relationship, or in certain other similar instances at Schwab's discretion. You are responsible for identifying accounts that should be linked for purposes of determining Accounts of Your Household and Household Calculations. 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 Accounts of Your Household, any impact on Household Calculations may not take effect until the following quarter.

Rules Applicable to Fiduciary Accounts

IRA, Custodial, and certain Trust accounts that meet Schwab's householding guidelines generally will be included in Household Calculations. If you have an IRA, Custodial, or Trust account and you are acting in a fiduciary capacity, it is your responsibility and not Schwab's to consider whether it is appropriate to consider the balances and activities of that account in Household Calculations, which could benefit the fiduciary account and/or other Accounts of Your Household. You must contact Schwab to request that the balances and activities of your fiduciary account not be included in Household Calculations if you determine that it is not appropriate. If you have a 403(b)(7), Company Retirement Account (CRA), Qualified Retirement Plan (QRP), or Keogh account (collectively, "Retirement Plan Account"), it is not included in Household Calculations. However, for certain services, the account holder of the Retirement Plan Account acting as fiduciary may elect to include the Retirement Plan Account in Household Calculations by providing Schwab with written instructions to do so. Please contact your advisor for the required form.

Schwab Sales Compensation Disclosure

Schwab offers investment products and services to you through your advisor. Schwab sales representatives may communicate the availability of these products and services to your advisor and/or negotiate associated pricing for your Account(s) with your advisor. These representatives also can receive incentive compensation from Schwab based on factors that include revenue generated on assets of your advisor's clients at Schwab, and from time to time receive incentive compensation related to specific types of investment products in which your advisor's client assets are invested. Schwab's offer of these products and services is part of its brokerage service and is not investment advice. The management of your Account(s), including the determination of your investment objectives, financial position, and investments for your Account(s), is between you and your advisor, and not Schwab.

Inquiries or Questions

Please contact your independent investment advisor directly, or call Schwab Alliance at 1-800-515-2157.

International account holders, please call 1-877-714-5308, or contact your advisor for further information.

Endnotes

- ¹ Excluding mutual funds, commissionable trades that execute over more than one day will be charged a separate commission for each additional day; each separate commission will apply to the portion of the trade executed on the corresponding additional day. Electronic orders where price or quantity is changed by the client and as a result execute over multiple trades on the same day are each charged a separate commission.
- ² Includes Canadian stocks, American Depositary Receipts, and stocks of foreign-incorporated companies that are listed on U.S. or Canadian exchanges.
- ³ For exchange-traded funds, refer to the stock schedule. For offshore funds (for non-U.S. persons), visit www.schwab-global.com or call Schwab International Services for details: 1-877-686-1937 (inside the U.S.), +1-415-667-8400 (outside the U.S.).
- ⁴ For fixed income trades placed through one of Schwab's electronic channels, discounts may apply.
- ⁵ Schwab receives a fee from the depository institution.
- ⁶ Formerly estate processing fee—reregistering securities held in certificate form.
- ⁷ Wire transfers using electronic channels include only those initiated on www.schwaballiance.com or on Schwab Mobile, and those initiated by your investment advisor on www.schwabadvisorcenter.com through the Move Money tool. Wire transfer fees can be avoided by using certain automated services, such as Schwab MoneyLink®, or by using Schwab One® checkwriting services.
- ⁸ Custody fees for Non-Publicly Traded Securities are billed annually in arrears. Certain Non-Publicly Traded Securities may be exempt from certain fees. Non-Publicly Traded Securities include (list is subject to change and not exhaustive): promissory notes; church bonds; limited partnerships; private limited partnerships; limited liability companies; private common, preferred, and convertible preferred stock; private bonds; private warrants; private placements; and private REITs.



Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab"). Certain investment advisors, such as Charles Schwab Investment Management, Inc. ("CSIM"), Charles Schwab Investment Advisory, Inc. ("CSIA"), and Schwab Private Client Investment Advisory, Inc., are affiliated with Schwab.

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July 2020

Cash Features Disclosure Statement

Please carefully read this document, which replaces prior version(s) of Cash Features Disclosure Statements Schwab has provided to you.

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Contact Us

If you have any questions or need more information about the cash features described in this Disclosure Statement, please call us at 1-800-435-4000. If your Account is an Advisor Services Account, please contact your advisor or call Schwab Alliance at 1-800-515-2157.

Cash Features Disclosure Statement

1. Introduction

We¹ offer the Cash Features Program, a service to automatically invest, or “sweep,” the “Free Credit Balance”² in your eligible³ Schwab brokerage accounts (“Accounts”), including Accounts managed by an independent investment advisor (“Advisor Services Accounts”), into a liquid investment to earn interest in your Account. The Cash Features Program permits you to earn income through a variety of options (“Cash Features”) while you decide how those funds should be invested longer term. This document tells you what these Cash Features are and which Cash Features are available to you. It also contains important disclosures about each Cash Feature.

With respect to Managed Accounts,⁴ eligibility for Cash Features is determined as set forth in the applicable account application (“Account Application”). Terms not defined herein that are defined in the account agreement applicable to your Account (“Account Agreement”) have the same meanings as in the Account Agreement.

You should also consider higher-return options for funds that are not needed immediately, as yields on any of our Cash Features can be lower than those of similar investments or deposit accounts offered outside of the Cash Features Program. Please visit www.schwab.com/cash for investment alternatives. If your Account is an Advisor Services Account, please contact your independent investment advisor (“advisor”), call Schwab Alliance at 1-800-515-2157, or visit www.schwab.com/SA_cash.

Please read this document carefully and keep a copy for your records. You should also read the prospectuses for any Schwab money market funds (“Schwab® Sweep Money Funds”) that are available through the Cash Features Program.

The Cash Features available in Schwab’s Cash Features Program are:

1. The “**Bank Sweep**” and, for retirement plan accounts, “**Bank Sweep for Benefit Plans**” features automatically make deposits to and withdrawals from interest-bearing deposit accounts (“Deposit Accounts”) at one or more banks affiliated with Schwab, collectively, the “Affiliated Banks,” whose deposits are insured by the Federal Deposit Insurance Corporation (“FDIC”);
2. The “**Schwab One® Interest**” feature pays you interest on the Free Credit Balance in your Account; and
3. The “**Money Fund Sweep**” feature automatically invests in and redeems shares of a Schwab® Sweep Money Fund.

¹The terms “we,” “us,” “our,” and “Schwab” in this document refer to Charles Schwab & Co., Inc.

²The term “Free Credit Balance” means the uninvested cash in your Account, minus (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; (ii) charges to your Account, including, but not limited to, Visa® transactions, ATM withdrawals, Electronic Fund Transfers, wire transfers, and checking transactions; (iii) any unposted Visa® transactions; and (iv) credit balances that are designated as collateral for your obligations, such as a cash balance resulting from a short sale. “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.)

³Schwab Global Accounts are not eligible for the Cash Features Program. Schwab earns income through its lending and investing activities with respect to Free Credit Balances in Schwab Global Accounts.

⁴The term “Managed Accounts” means (1) Accounts enrolled in Schwab-sponsored discretionary and non-discretionary wrap fee programs, which include, but are not limited to, the Schwab Managed Portfolios™ Managed Account Connection®, Managed Account Select®, and Schwab Private Client™ services; and (2) Accounts discretionarily managed by affiliated and unaffiliated third-party investment advisors through the Managed Account Access® and Managed Account Marketplace® services.

When you opened your Account, you selected a Cash Feature or were informed of the Cash Feature designated for your Account if you failed to validly select an available Cash Feature (i.e., if you did not designate a Cash Feature for your Account or designated a Cash Feature for which your Account is not eligible), as set forth in your Account Application.

If you would prefer, and are eligible for, a Cash Feature other than your current Cash Feature, you may request to change your Cash Feature by contacting us at 1-800-435-4000. If your Account is an Advisor Services Account, please contact your advisor or call Schwab Alliance at 1-800-515-2157.

2. Your Responsibility to Monitor Eligibility

It is your responsibility to monitor your eligibility for the Cash Features and determine the best Cash Feature available to you. Schwab is not responsible for contacting you if you are, or later become, eligible for other higher-yielding Cash Features. Information about eligibility for particular Cash Features is available at any time by contacting us or by going to www.schwab.com/cash. If your Account is an Advisor Services Account, information about eligibility for particular Cash Features is available at any time by contacting your advisor, calling Schwab Alliance at 1-800-515-2157, or going to www.schwab.com/SA_cash.

3. Interest Rates and Yields

Current interest rates and yields for each Cash Feature can be obtained by phone at 1-800-435-4000 or online at www.schwab.com/sweep. If your Account is an Advisor Services Account, you can obtain current rates online at www.schwab.com/SA_cash, contact your advisor, or call Schwab Alliance at 1-800-515-2157.

The interest rates and yields for the various Cash Features vary over time. Interest rates and yields for the Bank Sweep and Schwab One® Interest features can also vary based on account type. There is no guarantee that the interest rate or yield on any particular Cash Feature will be or will remain higher than the interest rate or yield on other Cash Features over any period.

Interest rates under the Schwab One® Interest feature are established periodically by Schwab, which has the option to pay as low a rate as possible based on prevailing market and business conditions.

Interest rates under the Bank Sweep and Bank Sweep for Benefit Plan features are established periodically by the Affiliated Banks, which have the option to pay as low a rate as possible consistent with their views of prevailing market and business conditions. Retirement and other benefit plan accounts will be paid a reasonable rate consistent with applicable legal and regulatory requirements.

Schwab® Sweep Money Funds seek to achieve the highest yield (less fees and expenses) consistent with prudence and their investment objectives.

Unlike the yields of Schwab® Sweep Money Funds, interest rates on the Schwab One® Interest feature, with certain exceptions, will be tiered based on the Free Credit Balance in your Account. Interest rates on the Bank Sweep feature, with certain exceptions, will be tiered based upon your Deposit Account balances placed with the Affiliated Banks. Interest rates on the Bank Sweep for Benefit Plans feature do not vary by tiers.

Cash Features are not intended for long-term investments, and yields on any of Schwab's Cash Features can be lower than those of similar investments or deposit accounts offered outside of the Cash Features Program. If you desire to maintain cash balances for other than a short-term period and/or are seeking the highest yields currently available, please contact your Schwab representative or visit www.schwab.com/cash for investment options that may be available outside of the Cash Features Program to help maximize your return potential consistent with your investment objectives and risk tolerance. If your Account is an Advisor Services Account, please contact your advisor, visit www.schwab.com/SA_cash, or call Schwab Alliance at 1-800-515-2157 for investment alternatives.

4. Eligibility for Cash Features

In general, eligibility for Cash Features is based on the registered ownership of the Account and on applicable laws and regulations.

We can change these eligibility requirements or make certain Cash Features available to Accounts that do not otherwise meet the published criteria.

We can change the eligibility requirements for any Cash Features or the Cash Features Program as provided in Section 7 of this document. We will notify you in advance if any change in eligibility affects your Account.

Please contact us at 1-800-435-4000 for more information about the Cash Features available to you. If your Account is an Advisor Services Account, please contact your advisor or call Schwab Alliance at 1-800-515-2157 for more information about the Cash Features available to you.

5. Cash Features Eligibility Chart

The following chart shows the Cash Features for which your Account is eligible. Please note that details regarding the available cash features for Schwab's international affiliates are set forth in Section 13 herein. If you are not sure which type of Account you have, check this list:

- **Schwab One® Accounts for Individuals:** Includes joint tenancies, life tenancies, tenancies in common, community property, and custodial (UTMA and UGMA) accounts.
- **Schwab One® Accounts for Organizations:** Includes corporations, charities, limited liability companies, sole proprietorships, partnerships, and unincorporated associations.
- **Schwab One® Accounts for Trusts and Estates:** Includes revocable living trusts, irrevocable trusts, business trusts, testamentary trusts, charitable remainder trusts, and decedents' estates, but not conservatorships or guardianships.
- **Schwab One International® Accounts:** Includes Charles Schwab & Co., Inc. clients who are individuals or legal entities who currently or later reside outside the U.S., its territories and possessions.
- **Schwab Global Accounts:** Includes Charles Schwab & Co., Inc. clients who are U.S. citizens or U.S. resident aliens who reside in the U.S. or one of its territories and provide a U.S. mailing address while the Schwab Global Account™ is active. Schwab Global Accounts are not eligible for any Cash Features.
- **Individual Retirement, Education Savings, and Health Savings Brokerage Accounts:** Includes Traditional IRAs, Roth IRAs, Roth Conversion IRAs, Rollover IRAs, Inherited IRAs, Custodial IRAs, SEP-IRAs, SARSEP-IRAs, SIMPLE IRAs, Education Savings Accounts, and Health Savings Brokerage Accounts.
- **Benefit Plan Accounts:** Includes company retirement (including pension trust) accounts, Schwab Personal Choice Retirement Accounts, qualified retirement plan accounts, Individual 401(k) accounts, and non-qualified retirement plan accounts.
- **Other Retirement Accounts:** Includes 403(b)(7) accounts.

Cash Features Eligibility Chart

The following chart shows the Cash Features for which your Charles Schwab & Co. Account is eligible. The chart does not address Cash Features eligibility for Managed Accounts or for clients of Schwab's international affiliates. If your Account is a Managed Account, please refer to your Account Application to determine the Cash Features for which your Managed Account is eligible. If you have any questions regarding the Cash Features for which your Managed Account is eligible, please contact us at 1-800-435-4000. If your Managed Account is an Advisor Services Account, please contact your advisor or call Schwab Alliance at 1-800-515-2157. For information on the available cash features for Schwab's international affiliates, please see Section 13 herein.

Cash Features Eligibility Chart

Account Type*†	Bank Sweep Feature	Bank Sweep for Benefit Plans Feature	Schwab One® Interest Feature	Money Fund Sweep Feature‡
Schwab One® Accounts for Individuals	Available	Not available	Available	Not available§
Schwab One® Accounts for Organizations	Available	Not available	Available	Not available§
Schwab One® Accounts for Trusts and Estates	Available	Not available	Available	Not available§
Schwab One International® Accounts	Not available	Not available	Available††	Available††
Schwab Global Accounts	Not available	Not available	Not available	Not available
Individual Retirement, Education Savings, and Health Savings Brokerage Accounts	Available	Not available	Available	Not available§
Benefit Plan Accounts	Not available	Available	Not available	Available**
Other Retirement Accounts	Not available	Not available	Not available	Available**

*Existing Schwab Brokerage Accounts (an older account type that has not been offered to new clients since 2001) are eligible for the Bank Sweep and Bank Sweep for Benefit Plans features and the Schwab One® Interest feature, and are ineligible for the Money Fund Sweep feature.

† All clients who are approved for Portfolio Margin will have Schwab One® Interest as their cash feature. By applying for Portfolio Margin, you agree that Schwab will change your existing cash feature to Schwab One® Interest if your application is approved.

‡ Pursuant to regulation, retail prime and municipal money funds may only be held in Accounts that are beneficially owned by natural persons. Accounts owned or controlled by entities may not invest in these funds.

§ The Money Fund Sweep feature is the Cash Feature for certain managed account programs and ERISA plan accounts.

†† Availability depends upon jurisdiction.

** Please refer to your Account Application to determine the Schwab® Sweep Money Funds for which your Account is eligible.

6. Limited Ability to Change Your Cash Feature Election

If you wish to change the Cash Feature in your Account to another Cash Feature for which your Account is eligible, please contact us at 1-800-435-4000 or, if your Account is an Advisor Services Account, contact your advisor or call Schwab Alliance at 1-800-515-2157.

If you change from a Cash Feature for which your Account is no longer eligible, you may not change back to that Cash Feature until your Account once again meets its eligibility requirements.

If you request a change from your current 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.

A request to change your Cash Feature from the Schwab One® Interest feature or Money Fund Sweep feature to the Bank Sweep or Bank Sweep for Benefit Plans feature is subject to the Affiliated Banks' deposit capacity at the time of your request and therefore may be subject to a delay, which may be substantial.

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, as applicable, we will redeem all shares in your Schwab® Sweep Money Fund, withdraw all funds in Deposit Accounts at one or more of the Affiliated Banks, or transfer all funds in your Schwab One® Interest feature and place the proceeds or funds in your new Cash Feature.

Changing Cash Features can 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 in your Account Agreement for more information.

7. Changes to Your Cash Feature and the Cash Features Program by Schwab

You understand and agree that Schwab can (1) make changes to the terms and conditions of our Cash Features Program; (2) make changes to the terms and conditions of any Cash Feature; (3) change, add, or discontinue any Cash Feature; (4) change your investment from one Cash Feature to another if your Account becomes ineligible for your current Cash Feature or your Cash Feature is discontinued; and (5) 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 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 changes.

If you are an existing Company Retirement Account client or an existing Schwab Personal Choice Retirement Account® client who is currently invested in a Schwab® Sweep Money Fund, and if you become ineligible for your existing Schwab® Sweep Money Fund due to changes in the terms and conditions of the fund, Schwab will either designate the Schwab Government Money Fund™ or the Bank Sweep or Bank Sweep for Benefit Plans feature as your Cash Feature, depending on your eligibility.

The notice will describe the new terms and conditions of the Cash Features Program or Cash Feature and the options available to you if you do not accept the new terms and conditions. If you are notified that your Cash Feature will be changed to another available Cash Feature and you would like to choose another 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 in the manner and 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 can 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 in your Account Agreement for more information.

8. The Bank Sweep and Bank Sweep for Benefit Plans Features

Since 2018, we have had a single-bank version ("Single-Bank Version") and a multiple-bank version ("Multiple-Bank Version") of the Bank Sweep feature. Over the next several years, we plan to convert all accounts with the Single-Bank Version of Bank Sweep to the Multiple-Bank Version of the feature. Unless otherwise stated, the descriptions below apply to both the Bank Sweep and Bank Sweep for Benefit Plans features and both the Single- and Multiple-Bank Versions of the features.⁵

The Bank Sweep and Bank Sweep for Benefit Plans features automatically make deposits to and withdrawals from Deposit Accounts at one or more Affiliated Banks. Your funds in the Deposit Accounts at each Affiliated Bank are eligible for deposit insurance by the FDIC up to a total of \$250,000 per depositor for principal and accrued interest when aggregated with all other deposits held by the depositor in the same insurable capacity. Please read "Deposit Insurance: General" and "Deposit Insurance: Retirement Plans and Accounts" later in this section for important information about the deposit insurance coverage for different types of accounts and how the FDIC aggregates balances in multiple accounts when calculating the amount of your coverage.

Deposit Accounts. Two Deposit Accounts are established on your behalf at an Affiliated Bank: a demand deposit account ("DDA") and a money market deposit account ("MMDA"). The Deposit Accounts are a direct obligation of each Affiliated Bank and are not, either directly or indirectly, guaranteed by Schwab or The Charles Schwab Corporation.

When funds in your Account are first available for deposit into Deposit Accounts at an Affiliated Bank, we, as your agent, will open a DDA and an MMDA on your behalf at the Affiliated Bank and deposit your Free Credit Balance in them. We will determine a minimum balance you will need to maintain in your DDA to satisfy debits in your Account (money you will need for securities purchases, checking and debit card transactions, and the like) and will transfer funds from the MMDA to the DDA as needed to maintain that balance. We may also make other deposits into your DDA, as described under "Withdrawals."

Single-Bank Version of the Bank Sweep Feature. For Accounts with Bank Sweep as their Cash Feature: You will continue to have the Single-Bank Version of the feature if your Account (1) was opened before February 16, 2018, and (2) has not been transitioned to the Multiple-Bank Version of the feature.

⁵If your Account is an existing Schwab Brokerage Account (an older account type that has not been offered to new clients since 2001), the sweep features described below are generally available if you have a Free Credit Balance of at least \$1,000 in your Account at the time you select this feature. If your Free Credit Balance falls below \$100 at any time, your Free Credit Balance will not be swept until it meets the \$1,000 minimum again. On the first Business Day of each week, we will sweep the eligible Free Credit Balance in your Account on the last Business Day of the preceding week into your Deposit Accounts. The sweep will occur after the close of business on that Business Day, and generally you will not begin earning interest until the following Business Day.

With the Single-Bank Version of the Bank Sweep feature, Schwab automatically makes deposits to and withdrawals from Deposit Accounts at Charles Schwab Bank. Schwab will automatically deposit a Free Credit Balance of one dollar (\$1.00) or more in your Account on any Business Day into Deposit Accounts at Charles Schwab Bank after the close of business on that Business Day. Funds generally will not begin earning interest until the following Business Day. Schwab has sole discretion to change when and how often sweeps occur upon advance written notice to you.

Free Credit Balances will be deposited into Deposit Accounts at Charles Schwab Bank without limit even if the amount in the Deposit Accounts exceeds the \$250,000 per depositor federal deposit insurance limit. For deposit insurance purposes, deposits that you maintain in one insurable capacity directly with Charles Schwab Bank (including deposits in your High Yield Investor Checking and Savings Accounts) will be aggregated with the Deposit Accounts established through the Single-Bank Version of the Bank Sweep feature and the Bank Sweep for Benefit Plans feature in the same insurable capacity. If your total funds on deposit at Charles Schwab Bank exceed the applicable FDIC insurance limit, the FDIC will not insure your funds in excess of the limit. You are responsible for monitoring the total amount of deposits you have at Charles Schwab Bank in order to determine the extent of deposit insurance coverage available to you. You should carefully review the "Deposit Insurance: General" and "Deposit Insurance: Retirement Plans and Accounts" sections herein.

Multiple-Bank Versions of the Bank Sweep and Bank Sweep for Benefit Plans Features. For Accounts with the Bank Sweep feature: If (1) your Account was opened with or your Cash Feature was changed to the Bank Sweep feature on or after February 16, 2018, or (2) your Account was opened before February 16, 2018, and the number of Affiliated Banks participating in your Bank Sweep feature has been increased to two, you will have the Multiple-Bank Version of the Bank Sweep feature. For all Accounts with the Single-Bank Version of Bank Sweep, we plan to convert your Account to the Multiple-Bank Version of the feature over the next several years. We will provide you with at least 30 days' notice by message on your Account statement, by mail, or by other written means prior to the conversion. Upon conversion to the Multiple-Bank Version of Bank Sweep, the number of Affiliated Banks participating in your Cash Feature will be increased from one to two, and your Account will be eligible for up to \$250,000 of additional FDIC deposit insurance.

With the Multiple-Bank Versions of both Cash Features, Schwab will automatically make deposits to and withdrawals from Deposit Accounts at up to two Affiliated Banks in the order indicated on the applicable Affiliated Bank list included at the end of this Cash Features Disclosure Statement or pursuant to any subsequent notice that you may receive. The specific Affiliated Bank list you are assigned is based on your Cash Feature and Account Address, either from when you opened your Account or when Schwab most recently updated the Affiliated Bank list, whichever is later.

You may not designate an Affiliated Bank as ineligible to receive your funds. However, you may at any time change the order of Affiliated Banks on your list to receive funds by contacting us at 1-800-435-4000. If your Account is an Advisor Services Account, please contact your advisor or call Schwab Alliance at 1-800-515-2157.

Schwab will automatically deposit a Free Credit Balance of one dollar (\$1.00) or more in your Account on any Business Day into Deposit Accounts at the first Affiliated Bank on your list in an amount up to \$249,000 for individual Accounts (or \$249,000 per joint owner for Accounts held jointly by two or more individuals) (the "Deposit Limits") after the close of business on that Business Day. Deposit Limits are set slightly below the applicable FDIC insurance thresholds (noted below) to ensure that accrued interest on the Deposit Accounts will be eligible for FDIC insurance. Once your Deposit Limit at the first Affiliated Bank is reached, excess funds will be deposited in the second Affiliated Bank on your list up to the Deposit Limit for the second Affiliated Bank.

After your deposits reach the Deposit Limit at the second Affiliated Bank, all remaining Free Credit Balances will be deposited in Charles Schwab Bank without limit even if the amount in the Deposit Accounts

at the bank exceeds the \$250,000 per depositor federal deposit insurance limit. You may not change Charles Schwab Bank as the Affiliated Bank to receive your remaining Free Credit Balance once the Deposit Limits at both Affiliated Banks are reached.

For deposit insurance purposes, deposits that you maintain in one insurable capacity directly with an Affiliated Bank (including deposits in your Charles Schwab Bank High Yield Investor Checking® and Savings Accounts) will be aggregated with the Deposit Accounts established through the Multiple-Bank Version of the Bank Sweep feature in the same insurable capacity. If your total funds on deposit at an Affiliated Bank exceed the applicable FDIC insurance limit, the FDIC will not insure your funds in excess of the limit. You are responsible for monitoring the total amount of deposits you have at each Affiliated Bank in order to determine the extent of deposit insurance coverage available to you. You should carefully review the “Deposit Insurance: General” and “Deposit Insurance: Retirement Plans and Accounts” sections herein.

Please note that due to operational limitations, the Deposit Limit for revocable and irrevocable trusts for each Affiliated Bank will be \$249,000 regardless of the number of owners and beneficiaries. As a result, the amount of FDIC insurance for those types of trust Accounts may be less than the maximum FDIC insurance coverage available under FDIC rules.

Withdrawals. As your agent, we will make all withdrawals necessary to satisfy debits in your Account. Debits may be created when you purchase securities; when you request funds to be withdrawn; or, if your Account includes cash management features, when you write a check on your Account, make an online payment using the Schwab *BillPay*® service, or use your debit card. Checks written on your Account are not drawn directly against the Deposit Accounts established for you at the Affiliated Banks.

Schwab will make withdrawals to satisfy debits in your Account as set forth in your Account Agreement. In the Single-Bank Version of the Bank Sweep feature, Schwab will make withdrawals from your Deposit Accounts with Charles Schwab Bank. In the Multiple-Bank Versions of the Bank Sweep and Bank Sweep for Benefit Plans features, funds will be withdrawn from Deposit Accounts with the Affiliated Banks on a “last in, first out” basis, which means that if you have Deposit Accounts with more than one Affiliated Bank, funds will be withdrawn from the Affiliated Banks in the reverse order from which the funds were deposited.

Schwab will first make withdrawals from your DDA at an Affiliated Bank. If the balance in your DDA is insufficient to satisfy a debit, we will transfer funds from your MMDA to cover it, plus enough to maintain a minimum balance. If there are insufficient funds in your Deposit Accounts to satisfy the debit, we will withdraw funds from other available sources as described in your Account Agreement.

Federal banking regulations limit the number of transfers from an MMDA at an Affiliated Bank to six during a monthly statement cycle. Any time this limit is reached, we will transfer all remaining funds in your MMDA to the DDA at the Affiliated Bank and make all deposits for the rest of the month into the DDA. At the beginning of the following month, we will transfer funds from the DDA back to the MMDA, leaving any minimum balance required. This limit on MMDA transfers will not limit the number of withdrawals you can make from funds on deposit at the Affiliated Banks through the Bank Sweep and Bank Sweep for Benefit Plans features, the interest rate you earn, or the amount of FDIC insurance coverage for which you are eligible.

Under federal banking regulations, the Affiliated Banks must reserve the right to require seven days’ notice before permitting a transfer of funds out of an MMDA.

The Affiliated Banks have indicated that they currently have no intention of exercising this right.

Interest. For both the Bank Sweep and Bank Sweep for Benefit Plans features, the Affiliated Banks will pay the same interest rate on the DDA and MMDA. Interest rates on the Deposit Accounts will be established periodically by the Affiliated Banks at a rate as low as possible

consistent with their views of prevailing market and business conditions. Retirement and other benefit plan accounts will be paid a reasonable rate consistent with applicable legal and regulatory requirements.

Interest rates are set at the Affiliated Banks’ discretion and can change daily. Interest accrues on your funds from the day they are deposited until (but not including) the day they are withdrawn. Interest is compounded daily and credited on the 15th of each month (or the following Business Day if the 15th is not a Business Day).

The interest rates paid on the Deposit Accounts can be higher or lower than the interest rates available for other Cash Features or to depositors making deposits directly with an Affiliated Bank or other depository institutions in comparable accounts. You should compare the terms, interest rates, required minimum amounts, and other features of the Bank Sweep and Bank Sweep for Benefit Plans features with those of other accounts, other Cash Features, and alternative investments.

For the Bank Sweep feature only, interest rates vary by tiers based on your Deposit Account balances placed with the Affiliated Banks. The Affiliated Banks are not obligated to pay different interest rates on different tiers. We may establish an arrangement with the Affiliated Banks to pay interest rates that are different from the standard rates the Affiliated Banks pay under the published tiers.

The Affiliated Banks’ current interest rate tiers for the Bank Sweep are:

- Balances of \$0 to \$24,999.99
- Balances of \$25,000.00 to \$99,999.99
- Balances of \$100,000.00 to \$249,999.99
- Balances of \$250,000.00 to \$499,999.99
- Balances of \$500,000.00 to \$999,999.99
- Balances of \$1,000,000.00 or more

Please note that in most instances, other than joint Accounts in the Multiple-Bank Version of the Bank Sweep feature, you will need to maintain substantial uninsured deposit balances at Charles Schwab Bank in order to qualify for one of the highest interest rate tiers.

These tiers may change from time to time. You may visit www.schwab.com/sweep or contact us at 1-800-435-4000 to get the current interest rate tiers and interest rates for each tier. If your Account is an Advisor Services Account, you may contact your advisor, visit www.schwab.com/SA_cash, or call Schwab Alliance at 1-800-515-2157 to get the current interest tiers and interest rates for each tier.

For the Bank Sweep for Benefit Plans feature, the interest rate will not vary by tiers. You may visit www.schwab.com/sweep or contact us at 1-800-435-4000 to get the current interest rate. If your Account is an Advisor Services Account, you may contact your advisor, visit www.schwab.com/SA_cash, or call Schwab Alliance at 1-800-515-2157 to get the current interest rate.

Account Statement. All transactions in the Deposit Accounts maintained for the Bank Sweep and Bank Sweep for Benefit Plans features will be confirmed on your Account statement, which will also show your opening and closing Deposit Account balances in each Affiliated Bank and the interest earned for the period.

Schwab, not the Affiliated Banks, is responsible for the accuracy of your Account statements, including transactions in the Deposit Accounts maintained through the Bank Sweep and Bank Sweep for Benefit Plans features. You may contact us at 1-800-435-4000 for information about your balances or if you have questions about your Account statement. If your Account is an Advisor Services Account, you may contact your advisor or call Schwab Alliance at 1-800-515-2157 for information about your balances or if you have questions about your Account statement. You should retain the Account statements for your records.

Changing Banks. As discussed above, we anticipate transitioning all Accounts with the Single-Bank Version of the Bank Sweep feature to the Multiple-Bank Version of the feature over the next several years. From time to time, we may add, delete, or replace one or more Affiliated Banks participating in the Multiple-Bank Versions of both Cash Features.

We may also change the order in which your Free Credit Balance is deposited with the Affiliated Banks indicated on the applicable Affiliated Bank list at the end of this Cash Features Disclosure Statement. These changes may result in increasing or decreasing the overall FDIC insurance available through the Multiple-Bank Versions of the Bank Sweep and Bank Sweep for Benefit Plans features. We will provide you with at least 30 days' advance notice of any such changes to the Bank Sweep feature, and up to 45 days' advance notice of any such changes to the Bank Sweep for Benefit Plans feature, by message on your Account statement, by mail, or by other written means. If an Affiliated Bank ceases to participate in either Cash Feature, you will be provided an opportunity to establish a direct depository relationship with that Affiliated Bank, subject to the Affiliated Bank's account opening policies. The consequences of maintaining a direct depository relationship with an affiliated Bank are discussed under "Your Relationship with Schwab and the Affiliated Banks."

Imposition of Maximum Deposit Amount Limit. In the unlikely event that it becomes necessary for the Affiliated Banks to limit or reduce the amount of deposits they are able to accept through the Bank Sweep and/or Bank Sweep for Benefit Plans features, Schwab will impose a maximum deposit amount (the "Maximum Deposit Amount Limit") limiting the total amount of funds in a single Account that can be placed in Deposit Accounts with the Affiliated Banks for either or both Cash Features. Thereafter, Schwab can either increase or decrease the Maximum Deposit Amount Limit as circumstances warrant.

If a Maximum Deposit Amount Limit is established (or the Maximum Deposit Amount Limit is reduced), Schwab will withdraw any funds in your Deposit Accounts with the Affiliated Banks in excess of the Maximum Deposit Amount Limit and invest those funds in shares of the Schwab Government Money Fund™ (or such other Schwab® Sweep Money Fund that may replace such fund). At such time as a Maximum Deposit Amount Limit is no longer imposed, we will redeem all of the shares of the Schwab® Sweep Money Fund, and deposit the proceeds in accordance with the procedures of the Bank Sweep and Bank Sweep for Benefit Plans features described above. Similarly, if a Maximum Deposit Amount Limit is increased, we will redeem an amount of shares of the Schwab® Sweep Money Fund and deposit the proceeds in Bank Sweep or Bank Sweep for Benefit Plans Deposit Accounts up to the new higher Maximum Deposit Amount Limit.

Whenever possible, we will provide you with advance notice of the imposition of any Maximum Deposit Amount Limit or any change in the limit that may affect your Account. However, in extraordinary circumstances, including, but not limited to, a sudden and significant increase in the amount of Free Credit Balances in customer accounts that are being swept to the Affiliated Banks, we can impose or reduce a Maximum Deposit Amount Limit without prior notice to you. In such a situation, we will provide notification to you as soon as possible thereafter. Such notice may be included by message on your Account statement, by mail, or by other written means.

Your Relationship with Schwab and the Affiliated Banks. Schwab is acting as your agent in establishing the Deposit Accounts with the Affiliated Banks and in depositing and withdrawing funds. You will receive no evidence of ownership, such as a passbook or certificate. Instead, Deposit Account ownership will be evidenced by a book entry on the account records of the Affiliated Banks and by records that Schwab maintains as custodian of your Accounts.

Unless you establish the Deposit Accounts directly with an Affiliated Bank as described below, any instructions regarding the movement of your funds in the Bank Sweep and Bank Sweep for Benefit Plans features must be provided by Schwab to the Affiliated Banks, and information concerning the Bank Sweep and Bank Sweep for Benefit Plans features may only be obtained from Schwab. The Affiliated Banks will not accept instructions directly from you with respect to your Deposit Accounts held through the Bank Sweep and Bank Sweep for Benefit Plans features nor provide you directly with information concerning these Cash Features.

Schwab can, at its discretion and upon written notice, terminate your use of the Bank Sweep or Bank Sweep for Benefit Plans feature. If Schwab

does, you may establish a direct relationship with the Affiliated Bank(s) at which your sweep deposits are held, subject to its eligibility policies.

Similarly, if you decide to stop participating in the Bank Sweep or Bank Sweep for Benefit Plans feature, you may establish a direct relationship with the Affiliated Bank(s) at which your Deposit Accounts are held, by asking to have the Deposit Accounts established in your name, again subject to the relevant Affiliated Bank's eligibility criteria. This will result in separating those Deposit Accounts from your Account.

Schwab provides administrative services to the Affiliated Banks in support of the operation of the Bank Sweep and Bank Sweep for Benefit Plans features. The Affiliated Banks pay Schwab an annual per account flat fee for these administrative services. Schwab reserves the right to increase, decrease, or waive all or part of this fee. We and certain of our affiliates also provide operational, technology, and other services to the Affiliated Banks and receive compensation for those services. In addition, certain of our employees and registered representatives can be compensated in part, based directly or indirectly, on deposit balances in the Bank Sweep and Bank Sweep for Benefit Plans features or the profitability of the features for the Affiliated Banks and our joint parent company, The Charles Schwab Corporation. Information regarding the fee and other compensation we currently receive from the Affiliated Banks for these administrative, operational, technology, and other services may be obtained by written request to: Charles Schwab & Co., Inc., P.O. Box 982600, El Paso, TX 79998.

Other than applicable fees and charges imposed by us on your Accounts, which are described in your Pricing Guide, there will be no charge, fee, or commission imposed on your Account with respect to the Bank Sweep and Bank Sweep for Benefit Plans features.

Information about the Affiliated Banks. Charles Schwab Bank, SSB and Charles Schwab Premier Bank, SSB are both Texas-chartered savings banks that are regulated by the Texas Department of Savings and Mortgage Lending and the Federal Reserve Board. Charles Schwab Trust Bank is a Nevada-chartered savings bank that is regulated by the Nevada Financial Institutions Division and the FDIC. Schwab, Charles Schwab Bank, Charles Schwab Premier Bank, and Charles Schwab Trust Bank are separate but affiliated companies and wholly owned subsidiaries of The Charles Schwab Corporation. The Charles Schwab Corporation is a savings and loan holding company, regulated by the Federal Reserve Board. Upon request, we will provide you with the publicly available financial information you would receive if you established a Deposit Account directly with an Affiliated Bank. In addition, you can obtain publicly available financial information about Charles Schwab Bank, Charles Schwab Premier Bank, and Charles Schwab Trust Bank at www.ffiec.gov/NPW or by contacting the FDIC Public Information Center by mail at 3501 North Fairfax Drive, Room E-1002, Arlington, VA 22226, or by phone at 1-877-275-3342.

We cannot guarantee in any way the financial condition of Charles Schwab Bank, Charles Schwab Premier Bank, or Charles Schwab Trust Bank, or the accuracy of any publicly available financial information about the Affiliated Banks.

Deposit Insurance: General. The Deposit Accounts are insured by the FDIC, an independent agency of the U.S. government, up to \$250,000 per depositor for principal and accrued interest for all deposits held by you in the same insurable capacity at each Affiliated Bank. Generally, any accounts or deposits (including certificates of deposit) that you may maintain directly with an Affiliated Bank, or through any other intermediary (such as Schwab or another broker), in the same insurable capacity in which the Deposit Accounts are maintained, would be aggregated with the Deposit Accounts for purposes of the \$250,000 federal deposit insurance limit.

In the event that an Affiliated Bank fails, the Deposit Accounts are insured up to \$250,000 per depositor for principal and interest accrued to the date the Affiliated Bank is closed.

Under certain circumstances, if you become the owner of deposits at an Affiliated Bank because another depositor dies, beginning six months after the death of the depositor, the FDIC will aggregate those deposits for purposes of the \$250,000 federal deposit insurance limit with any

other deposits that you own in the same insurable capacity at the Affiliated Bank. Examples of accounts that may be subject to this FDIC policy include joint accounts, “payable on death” accounts, and certain trust accounts. The FDIC provides a six-month grace period to permit you to restructure your deposits to obtain the maximum amount of deposit insurance for which you are eligible.

You are responsible for monitoring the total amount of deposits that you hold with each Affiliated Bank, directly or through an intermediary, in order for you to determine the extent of deposit insurance coverage available to you on your deposits, including the Deposit Accounts. Schwab is not responsible for any insured or uninsured portion of the Deposit Accounts or any other deposits.

In the event that federal deposit insurance payments become necessary, payments of principal plus unpaid and accrued interest will be made to you. There is no specific time period during which the FDIC must make insurance payments available, and Schwab is under no obligation to credit your Account with funds in advance of payments received from the FDIC. Furthermore, you may be required to provide certain documentation to the FDIC and to us before insurance payments are made. For example, if you hold deposits as trustee for the benefit of trust participants, you may be required to furnish affidavits and provide indemnities regarding an insurance payment.

If your Deposit Accounts are assumed by another depository institution that acquires an Affiliated Bank, pursuant to a merger or consolidation, such deposits will continue to be separately insured from the deposits that you might have established with the acquirer until the expiration of a six-month period from the date of acquisition. Thereafter, any assumed deposits will be aggregated with your existing deposits with the acquirer held in the same insurable capacity for purposes of federal deposit insurance. Any deposit opened at the Affiliated Bank after the acquisition will be aggregated with deposits established with the acquirer for purposes of federal deposit insurance.

The application of the \$250,000 federal deposit insurance limit is illustrated by several common factual situations discussed below.

- **Individual Customer Accounts.** Deposit Accounts held by an individual in an account in the name of an agent or nominee of such individual (such as the Deposit Accounts held through Schwab) or held by a custodian (for example, under the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act) are not treated as owned by the agent, nominee, or custodian, but are added to other deposits of such individual held in the same insurable capacity (including funds held in a sole proprietorship) and are insured up to \$250,000 in the aggregate. Deposits held through a **qualified tuition savings program (529 Plan)** will be insured as deposits of the participant and aggregated with other deposits of the participant if the arrangement and the name of the participant are identified on the institution’s account records.
- **Corporate, Partnership, and Unincorporated Association Accounts.** Deposit Accounts held by corporations (including Subchapter S corporations), partnerships, and unincorporated associations, operated for a purpose other than to increase deposit insurance, are added together with other deposits owned by such corporation, partnership, and unincorporated association, respectively, and are insured up to \$250,000 in the aggregate.
- **Joint Accounts.** Deposit Accounts held under any form of joint ownership valid under applicable state law may be insured up to \$250,000 per depositor in the aggregate, separately and in addition to the \$250,000 allowed on other deposits individually owned by any of the co-owners of such accounts (hereinafter referred to as a “Joint Account”). For example, a Joint Account owned by two persons would be eligible for insurance coverage of up to \$500,000 (\$250,000 for each person), subject to aggregation with each owner’s interests in other Joint Accounts at the same depository institution. Joint Accounts will be insured separately from individually owned accounts only if each of the co-owners is an individual person and has a right of withdrawal on the same basis as the other co-owners.

- **Revocable Trust Accounts.** Deposit Accounts held in a “revocable trust” are generally insured up to \$250,000 per beneficiary if the beneficiary is a natural person, charity, or other nonprofit organization. There are two types of revocable trusts recognized by the FDIC. **Informal revocable trusts** include accounts in which the owner evidences an intent that, at his or her death, the funds shall belong to one or more specified beneficiaries. These trusts may be referred to as a “Totten trust” account, “payable upon death” account, or “transfer on death” account. Each beneficiary must be included in the institution’s account records. **Formal revocable trusts** are written trust arrangements in which the owner retains ownership and control of the assets and designation of beneficiaries during his or her lifetime. The trusts may be referred to as “living” or “family” trusts. The beneficiaries of a formal revocable trust do not need to be included in Schwab’s account records.

Under FDIC rules, FDIC coverage will be \$250,000 per beneficiary, multiplied by the number of beneficiaries, regardless of the proportional interest of each beneficiary in the revocable trust. If the trust has more than \$1,250,000 in deposits at an Affiliated Bank and more than five beneficiaries, the funds will be insured for the greater of \$1,250,000 or the aggregate amount of all beneficiaries’ proportional interest, limited to \$250,000 per beneficiary.

Deposits in all revocable trusts of the same owner—informal and formal—at an Affiliated Bank will be aggregated for insurance purposes. A revocable trust established by two owners, where the owners are the sole beneficiaries, will be treated as a Joint Account under applicable rules and will be aggregated with other Joint Accounts.

- **Irrevocable Trust Accounts.** Deposit Accounts held pursuant to one or more irrevocable trust agreements created by the same grantor (as determined under applicable state law) will be insured for up to \$250,000 for the interest of each beneficiary provided that the beneficiary’s interest in the account is non-contingent (i.e., capable of determination without evaluation of contingencies). According to the FDIC, **Coverdell Education Savings Accounts** will be treated as irrevocable trust accounts for deposit insurance purposes. The deposit insurance of each beneficiary’s interest is separate from the coverage provided for other accounts maintained by the beneficiary, the grantor, the trustee, or other beneficiaries. The interest of a beneficiary in irrevocable trust accounts at an Affiliated Bank created by the same grantor will be aggregated and insured up to \$250,000.
- **Medical Savings Accounts and Health Savings Brokerage Accounts.** Deposit Accounts held in a Medical Savings Account, sometimes referred to as an Archer Medical Savings Account, will be eligible for deposit insurance as an individual account, a revocable trust account, or an employee benefit plan. Health Savings Brokerage Accounts will be eligible for deposit insurance either as an individual account or a revocable trust account. You may wish to consult with your attorney or the FDIC to determine the available coverage.

Deposit Insurance: Retirement Plans and Accounts. Retirement Plans and Accounts: General. The amount of deposit insurance for which Deposit Accounts held through one or more retirement plans or accounts will be eligible, including whether Deposit Accounts held by each plan or account will be considered separately from or aggregated with Deposit Accounts held by other plans or accounts, will vary depending on the type of plan or account and, in some cases, the features of the plan or account. It is therefore important to understand the type of plan or account holding the Deposit Accounts. The following sections discuss in general terms the rules that apply to deposits held through retirement plans and accounts. Because these rules determine the insurance available to you and whether your Deposit Accounts held through different retirement plans and accounts will be aggregated for purposes of the \$250,000 federal deposit insurance limit, you should consult with your tax or legal advisor to determine your available deposit insurance coverage.

- **Individual Retirement Accounts (IRAs).** All Deposit Accounts held in Traditional IRAs, Roth IRAs, Roth Conversion IRAs, Rollover IRAs, Inherited IRAs, Custodial IRAs, SEP-IRAs, and SIMPLE IRAs will be insured up to \$250,000 in the aggregate. However, as described below, Deposit Accounts held by an IRA will be aggregated with Deposit

Accounts held by certain employee benefit plans in which the owner of the IRA has an interest. Thus, the owner of an IRA will only be eligible for insurance of \$250,000 for Deposit Accounts held in plans and accounts that are subject to aggregation. See the section below headed “Aggregation of Retirement Plan and Account Deposits.”

- **Pass-Through Deposit Insurance for Employee Benefit Plan Deposits in the Bank Sweep for Benefit Plan feature.** Subject to the limitations discussed below, under FDIC regulations, a participant’s non-contingent interests in Deposit Accounts held by many types of employee benefit plans are eligible for insurance up to \$250,000 on a “pass-through” basis. This means that instead of the Deposit Accounts held by an employee benefit plan at Charles Schwab Bank being eligible for only \$250,000 in total, each employee benefit plan participant is eligible for insurance on his or her non-contingent interest in the employee benefit plan deposits up to \$250,000, subject to the aggregation of the participant’s interests in different plans, as discussed below under “Aggregation of Retirement Plan and Account Deposits.” The pass-through insurance provided to an employee benefit plan participant is separate from the \$250,000 federal deposit insurance limit allowed on Deposit Accounts held by the individual in different insurable capacities with Charles Schwab Bank (e.g., individual accounts, joint accounts, and the like).

The types of plans for which the Deposit Accounts may receive pass-through treatment are employee benefit plans, as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 (“ERISA”), including “Keogh Plans,” whether or not they are technically “employee benefit plans” under ERISA, and eligible deferred compensation plans described in Section 457 of the Internal Revenue Code of 1986 (“the Code”). For purposes of Section 3(3) of ERISA, employee benefit plans are broadly defined to include most employee benefit plans, including most defined benefit plans and most defined contribution plans.

Defined Benefit Plans. The value of an employee’s non-contingent interest in a defined benefit plan will be equal to the present value of the employee’s interest in the plan, evaluated in accordance with the calculation ordinarily used under such plan.

Deposit Accounts held by a defined benefit plan that is eligible for pass-through treatment are not insured for an amount equal to the number of plan participants multiplied by \$250,000. For example, an employee benefit plan has on deposit \$500,000 in Deposit Accounts. The employee benefit plan has two participants, one with a non-contingent interest of \$425,000 and one with a non-contingent interest of \$75,000. In this case, the employee benefit plan’s deposit would be insured only up to \$325,000; the plan would be eligible for up to \$250,000 for the participant with the \$425,000 non-contingent interest and up to \$75,000 for the participant with the \$75,000 non-contingent interest.

Overfunded amounts, which are any portion of a plan’s Deposit Accounts not attributable to the interest of beneficiaries under the plan, are insured, in the aggregate, up to \$250,000, separately from the insurance provided for any other funds owned by or attributable to the employer or a plan participant.

Defined Contribution Plans. The value of an employee’s non-contingent interest in Deposit Accounts held through a defined contribution plan will be equal to the amount of funds on deposit attributable to the employee’s account with the plan, regardless of whether the funds on deposit resulted from contributions made by the employee, the employer, or both. Portions of Deposit Accounts held by an employee benefit plan that are attributable to the contingent interest of employees in the plan are not insured on a pass-through basis. Contingent interests of employees in an employee benefit plan are interests that are not capable of evaluation in accordance with FDIC rules, and are insured up to \$250,000 per plan.

Aggregation of Retirement Plan and Account Deposits. Under FDIC regulations, an individual’s interests in plans maintained by the same employer or employee organization (e.g., a union) that are holding Deposit Accounts will be insured for \$250,000 in the aggregate. In addition, under FDIC regulations, an individual’s interest in Deposit Accounts held by (i) IRAs, (ii) deferred compensation plans for certain employees of state or local governments or tax-exempt organizations

(e.g., Section 457 plans), (iii) self-directed Keogh Plans of owner-employees described in Section 401(d) of the Code, and (iv) self-directed defined contribution plans will be insured for up to \$250,000 in the aggregate whether or not they are maintained by the same employer or employee organization.

The retirement plans and accounts described below are eligible for the \$250,000 federal deposit insurance limit. All deposits held through such plans and accounts will be aggregated for purposes of the \$250,000 federal deposit insurance limit. This means that all Deposit Accounts you hold through the plans and accounts described below will be eligible for insurance up to a total of \$250,000.

- **Individual Retirement Accounts (IRAs).** All Deposit Accounts held in Traditional IRAs, Roth IRAs, SEP-IRAs, and SIMPLE IRAs will be aggregated for purposes of the \$250,000 federal deposit insurance limit and will be further aggregated with deposits held through other plans described in this section.
- **Section 457 Plans.** These plans include any eligible deferred compensation plan described in Section 457 of the Code.
- **Self-Directed Keogh and 401(k) Plans.** These are deposits held in any plan described in Section 401(d) of the Code, generally referred to as Keogh Plans, and any plans described in Section 3(34) of ERISA, including, but not limited to, plans generally referred to as 401(k) Plans. The plan must be “self-directed” to qualify for the \$250,000 federal deposit insurance limit. FDIC defines “self-directed” to mean the ability of the plan participants to direct funds into a specific depository institution.

All retirement plans and accounts not listed in the preceding three bullet points, including defined contribution plans and plans that do not meet the FDIC’s “self-directed” criteria, will be eligible for federal deposit insurance up to \$250,000 per participant, subject to the aggregation rules described above.

Questions about FDIC Deposit Insurance Coverage. If you have questions about basic FDIC insurance coverage, please contact us. You may wish to seek advice from your own attorney concerning FDIC insurance coverage of deposits held in more than one insurable capacity. You may also obtain information by contacting the FDIC, Deposit Insurance Outreach Group, Division of Depositor and Consumer Protection, by letter (550 17th Street, NW, Washington, DC 20429); by phone (1-877-275-3342, 1-800-925-4618 [TDD]); by visiting the FDIC website at www.fdic.gov/deposit/index.html; or by email using the FDIC’s online Customer Assistance Form available on its website.

No SIPC Coverage of Bank Deposit Accounts. To our knowledge, the Securities Investor Protection Corporation (“SIPC”) has not taken a formal position on its coverage of the Deposit Accounts. We recommend that you assume that coverage of your Deposit Accounts established through the Bank Sweep and Bank Sweep for Benefit Plans features will be limited to FDIC insurance and that you not expect coverage from SIPC.

9. The Schwab One® Interest Feature

If your Account is eligible for and you select the Schwab One® Interest feature as your Cash Feature, your Free Credit Balance will remain in your Account as a direct obligation of Schwab, and we will pay you interest at a tiered rate based on the amount of the Free Credit Balance in your Account. We are not obligated to pay different interest rates on different tiers, however, and we can change the interest rate tiers from time to time. In addition, we can pay interest rates to certain clients that are different from the standard rates under our published tiers.

The current interest rate tiers for the Schwab One® Interest feature are:

- Balances of \$0 to \$24,999.99
- Balances of \$25,000.00 to \$99,999.99
- Balances of \$100,000.00 to \$249,999.99
- Balances of \$250,000.00 to \$499,999.99
- Balances of \$500,000.00 to \$999,999.99
- Balances of \$1,000,000.00 or more

Please note that you will need to maintain a Free Credit Balance that is substantially in excess of SIPC's \$250,000 coverage limit for cash in order to qualify for one of the highest interest rate tiers, but your Free Credit Balance may be eligible for protection in excess of SIPC coverage through Schwab's excess SIPC coverage policy with a private insurer. These tiers may change from time to time. You may visit www.schwab.com/sweep or contact us at 1-800-435-4000 to view the current interest rate tiers and interest rate for each tier. If your Account is an Advisor Services Account, you may contact your advisor, visit www.schwab.com/SA_cash, or call Schwab Alliance at 1-800-515-2157 to view the current interest rate tiers and interest rate for each tier.

Interest rates are set at our discretion and can change daily. Interest accrues daily and is credited to your Account on or before the last Business Day of each month. If, on any given day, the interest that we calculate for your Account is less than one-half of one cent (\$0.005), your funds will not earn interest on that day. To participate in the Schwab One® Interest feature, you must maintain the Free Credit Balance in your Account for the purpose of investing in securities. The Schwab One® Interest feature is not a bank account or other bank obligation, is not guaranteed by any bank, and is not insured by the FDIC.

If we determine that your use of the Account is inconsistent with investment purposes, or if there is no trading activity within a one-year period, then upon written notice to you, we can stop paying interest on the Free Credit Balance in your Account or change your Cash Feature to a different Cash Feature for which your Account is then eligible.

Schwab is a member of the Securities Investor Protection Corporation, or SIPC. SIPC is a nonprofit membership corporation created by the Securities Investor Protection Act of 1970, funded primarily by its member securities brokerage firms registered with the U.S. Securities and Exchange Commission. SIPC provides protection to clients of securities brokerage firms in the event such brokerage firms become insolvent. SIPC provides member institutions up to \$500,000 (including \$250,000 for claims of cash) of coverage per brokerage client in each recognized insurable capacity when aggregated with other cash held by the same brokerage client in the same insurable capacity at the same member institution.

In addition to SIPC coverage, Schwab has secured additional protection that exceeds SIPC limits through an agreement with Lloyd's of London. The additional protection is necessary and available only in the unlikely event that assets are not fully recovered when SIPC protection limits have been reached.⁶

10. The Money Fund Sweep Feature

Generally, only Managed Accounts, International Accounts, some Benefit Plan Accounts, and Other Retirement Accounts continue to be eligible for the Money Fund Sweep feature.

With respect to other Accounts, please note the following:

- Accounts opened on or after June 1, 2016, and Accounts that did not have the Money Fund Sweep feature as their Cash Feature as of that date, are ineligible to select the Money Fund Sweep feature.
- Accounts that have the Money Fund Sweep feature as their Cash Feature will continue to have their Free Credit Balance swept into the Money Fund Sweep feature but may not change the Schwab® Sweep Money Fund into which their Free Credit Balances are swept.
- Accounts that have the Money Fund Sweep feature as their Cash Feature and change to the Schwab One® Interest, Bank Sweep, or Bank Sweep for Benefit Plans feature are not permitted to change back to the Money Fund Sweep feature at a later date.

⁶Under a policy secured with Lloyd's of London underwriters, the additional protection of securities and cash extended to Schwab is up to an aggregate of \$600 million for all Schwab customers. This additional protection becomes available in the event that SIPC limits are exhausted.

The Money Fund Sweep feature automatically invests in and redeems shares of a Schwab® Sweep Money Fund you select from those made available to you. You can find out which Schwab® Sweep Money Funds are available by checking your Account Application or by calling us at 1-800-435-4000. If your Account is an Advisor Services Account, you can find out which Schwab® Sweep Money Funds are available by checking your Account Application, contacting your advisor, or calling Schwab Alliance at 1-800-515-2157.

You may also contact us for a free prospectus for any Schwab® Sweep Money Fund. You should review the prospectus carefully before investing or sending money. For more information, visit: www.schwabfunds.com.

If the Money Fund Sweep feature is your Cash Feature, a Free Credit Balance of one dollar (\$1.00) or more in your Account on any Business Day will be swept into your Schwab® Sweep Money Fund after the close of business on that Business Day⁷ and generally will not begin earning dividends until the following Business Day. Schwab has sole discretion to change when and how often sweeps occur, upon advance written notice to you.

Schwab will automatically redeem shares of your Schwab® Sweep Money Fund to satisfy debits in your Account as set forth in your Account Agreement, which typically will be first from the Free Credit Balance in your Account and next from your Cash Feature. If the Money Fund Sweep feature is your Cash Feature, Schwab will redeem shares in your Schwab® Sweep Money Fund to satisfy debit balances in your Account or, if applicable, to provide necessary collateral to your margin and short account at any time.

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. Although investments in Schwab® Sweep Money Funds provide a means of earning a return on cash, and while Schwab® Sweep Money Funds generally seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in them.

There can be no assurance that a Schwab® Sweep Money Fund will maintain a stable net asset value of \$1.00 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 \$1.00, 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.

If, on any given day, the accrued daily dividend for your Schwab® Sweep Money Fund as calculated for your Account is less than one-half of one cent (\$0.005), your Account 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.

Under money fund reform regulations, money funds have the option of imposing liquidity fees (fees charged upon the redemption of shares) of up to 2% and/or redemption gates (which prevent redemption of shares) for up to 10 Business Days in any 90-day period if a fund's liquidity percentage falls below certain regulatory thresholds. Money funds that invest at least 99.5% of their assets in cash and U.S. government securities are defined as "government money funds" and are permitted to continue to use a stable net asset value ("NAV"). Money funds that limit shareholders to natural persons are defined as "retail money

⁷If your Account is an existing Schwab Brokerage Account (an older account type that has not been offered to new clients since 2001), this feature is generally available if you have a Free Credit Balance of at least \$1,000 in your Account at the time you select this feature. If your Free Credit Balance falls below \$100 at any time, your Free Credit Balance will not be swept until it meets the \$1,000 minimum again. On the first Business Day of each week, we will sweep the eligible Free Credit Balance in your Account on the last Business Day of the preceding week into a Sweep Money Fund. The sweep will occur after the close of business on that Business Day, and generally you will not begin earning interest until the following Business Day.

funds” and are also permitted to continue to use a stable NAV. Under the new regulations, money funds other than those defined as “government” or “retail” will be required to operate with a floating NAV. Further details about any particular money fund can be found in the fund’s prospectus and other disclosure documents.

An investment in a Schwab® Sweep Money Fund is not a deposit or other obligation of, nor is it guaranteed by, any bank, and it is not insured by the FDIC. Schwab is a member of SIPC. SIPC provides member institutions up to \$500,000 (including \$250,000 for claims of cash) of coverage per brokerage client in each recognized insurable capacity when aggregated with other securities and cash held by the same brokerage client in the same insurable capacity at the same member institution. Schwab® Sweep Money Funds custodied at Schwab are considered securities for SIPC purposes. SIPC provides protection to clients of securities brokerage firms in the event such brokerage firms become insolvent. SIPC does not insure against the failure of the issuer of a security. In other words, it would not protect you against losses in a Schwab® Sweep Money Fund or the insolvency of a Schwab® Sweep Money Fund.

In addition to SIPC coverage, Schwab has secured excess SIPC coverage through an agreement with Lloyd’s of London. The additional protection is necessary and available only in the unlikely event that assets are not fully recovered when SIPC protection limits have been reached. The additional SIPC coverage is a total of \$600 million across all Schwab brokerage clients.⁸

11. Benefits to the Affiliated Banks, Schwab, and The Charles Schwab Corporation

The Affiliated Banks intend to use the cash balances in the Deposit Accounts to fund current and new lending activities and investments. The profitability on such loans and investments is generally measured by the difference, or “spread,” between the interest rate paid on the Deposit Accounts and other costs of maintaining the Deposit Accounts, and the interest rate and other income earned by an Affiliated Bank on the loans and investments made with the funds in the Deposit Accounts. The income that the Affiliated Banks will have the opportunity to earn through their lending and investing activities is expected to be greater than the fees earned by Schwab and its affiliates from managing and distributing the Schwab® Sweep Money Funds. Such deposits are anticipated to provide a stable source of funds for the Affiliated Banks’ lending and investment activities. The cash balances can also be used to provide funds to develop products and services for Schwab-affiliated companies to the extent permitted by applicable law.

Schwab provides administrative services to the Affiliated Banks in support of the operation of the Bank Sweep and Bank Sweep for Benefit Plans features. The Affiliated Banks pay Schwab an annual per account flat fee for these administrative services. We reserve the right to increase, decrease, or waive all or part of this fee. We, and certain of our affiliates, also provide operational, technology, and other services to the Affiliated Banks and receive compensation for those services. In addition, certain of our employees and registered representatives can be compensated, in part, based directly or indirectly on deposit balances in the Bank Sweep and Bank Sweep for Benefit Plans features or the profitability of the features for the Affiliated Banks and our joint parent company, The Charles Schwab Corporation. Information regarding the fee and other compensation we currently receive from the Affiliated Banks for these administrative, operational, technology, and other services may be obtained by written request to: Charles Schwab & Co., Inc., P.O. Box 982600, El Paso, TX 79998.

⁸Under a policy secured with Lloyd’s of London underwriters, the additional protection of securities and cash extended to Schwab is up to an aggregate of \$600 million for all Schwab customers. This additional protection becomes available in the event that SIPC limits are exhausted.

12. Comparison of Schwab Cash Features

The following table compares the Bank Sweep and Bank Sweep for Benefit Plans, Schwab One® Interest, and Money Fund Sweep features:

Affiliations with Schwab
Bank Sweep and Bank Sweep for Benefit Plans Features Free Credit Balances are deposited at one or more Affiliated Banks, FDIC-insured depository institutions affiliated with Schwab.
Schwab One® Interest Feature We pay interest on the Free Credit Balance in your Account.
Money Fund Sweep Feature Schwab® Sweep Money Funds are advised by Charles Schwab Investment Management, Inc. (“CSIM”), a wholly owned asset management subsidiary of The Charles Schwab Corporation.
Interest Rates and Yields
Bank Sweep and Bank Sweep for Benefit Plans Features Interest rates are set at the discretion of the Affiliated Banks. For purposes of the Bank Sweep feature, the Affiliated Banks pay interest at rates that can vary by tiers based on your Deposit Account balances placed with the Affiliated Banks through your Account. For purposes of the Bank Sweep for Benefit Plans feature, Charles Schwab Bank does not pay interest on Deposit Account balances based on interest rate tiers. Charles Schwab Bank pays the same interest rate regardless of the total amount of your Deposit Account balances. There is no guarantee or assurance that interest rates will be comparable to the interest rates or yields available through any other Cash Feature or other deposit products offered by the Affiliated Banks. Please contact us at 1-800-435-4000 for current interest rates and rate tiers for the Bank Sweep and Bank Sweep for Benefit Plans features. If your Account is an Advisor Services Account, please contact your advisor or call Schwab Alliance at 1-800-515-2157 for current interest rates and rate tiers for the Bank Sweep and Bank Sweep for Benefit Plans features.
Schwab One® Interest Feature Interest rates are set at the discretion of Schwab. We pay interest on Free Credit Balances based on the interest rate tier determined by an Account’s Free Credit Balance. There is no guarantee or assurance that interest rates will be comparable to the interest rates or yields available through any other Cash Feature. Please contact us at 1-800-435-4000 for current interest rate tiers and interest rates. If your Account is an Advisor Services Account, please contact your advisor or call Schwab Alliance at 1-800-515-2157 for current interest rate tiers and interest rates.
Money Fund Sweep Feature Schwab® Sweep Money Funds seek to achieve the highest yield (less fees and expenses) consistent with prudence and their investment objectives. Please visit www.schwab.com/sweepfunds or contact us for the current seven-day yields. If your Account is an Advisor Services Account, please contact your advisor or call Schwab Alliance at 1-800-515-2157 for the current seven-day yields.

Differences in Risk

Bank Sweep and Bank Sweep for Benefit Plans Features

The Deposit Accounts are insured by the FDIC up to \$250,000 per depositor, per bank (including principal and accrued interest) when aggregated with all other deposits held by you in the same insurable capacity at the same institution. Your funds become eligible for this insurance immediately upon deposit. Any deposits (including certificates of deposit) that you maintain with the same institution and in the same insurable capacity, either directly or through an intermediary such as Schwab or another broker, will be aggregated with your Deposit Accounts at the Affiliated Banks for the purposes of the \$250,000 federal deposit insurance limit.

While the Deposit Accounts are not subject to market risk, they are subject to the risk of a bank's failure. In the event that an Affiliated Bank fails and payments from the FDIC become necessary, insurance payments will be made by the FDIC to Schwab as your agent.

There is no specific time period during which the FDIC must make insurance payments available, and Schwab will not credit your Account with funds in advance of payments received from the FDIC. Deposit Accounts are a direct obligation of an Affiliated Bank and are not, either directly or indirectly, guaranteed by Charles Schwab & Co., Inc. or The Charles Schwab Corporation.

Until the insurance payment from the FDIC is received by Schwab, your funds on deposit at the failed bank will not be available for:

- withdrawals
- the payment of Schwab *BillPay*® transactions and other payments to third parties from your Account
- funding securities transactions in your Account

If you have outstanding checks or pending Schwab *BillPay*® transactions or other payments to third parties, you will need to take immediate steps to ensure that funding is available for those transactions without reliance on your funds at the failed bank. Your failure to immediately take appropriate action may result in the return of checks and non-payment of electronic debits and other items presented for payment against your Account, or charges to your margin account.

Furthermore, you may be required to provide certain documentation to the FDIC before insurance payments are made. For example, if you hold Deposit Accounts as trustee for the benefit of trust participants, you may be required to furnish affidavits and provide certain indemnities before an insurance payment will be made.

In the unlikely event that it becomes necessary for the Affiliated Banks to limit or reduce the amount of deposits they are able to accept through either the Bank Sweep and/or Bank Sweep for Benefit Plans features, Schwab will impose a Maximum Deposit Amount Limit limiting the total amount of funds in a single Account that can be placed in Deposit Accounts with the Affiliated Banks. If a Maximum Deposit Amount Limit is established, Schwab will withdraw any funds in your Deposit Accounts with the Affiliated Banks in excess of the Maximum Deposit Amount Limit and invest those funds in shares of the Schwab Government Money Fund™ (or such other Schwab® Sweep Money Fund that may replace such fund). At such time as a Maximum Deposit Amount Limit is no longer imposed, we will redeem all of the shares of the Schwab® Sweep Money Fund and deposit the proceeds in Deposit Accounts with the Affiliated Banks.

Schwab One® Interest Feature

Free Credit Balances held at Schwab are not insured or guaranteed by the FDIC but are covered by SIPC.

Schwab is a member of SIPC, which protects its members' securities up to \$500,000 (including \$250,000 for claims of cash). An explanatory brochure is available on request or at www.sipc.org.

SIPC coverage is not the same as FDIC insurance protection. SIPC coverage does not insure against a decrease in value of a particular investment.

In the event of the liquidation of your broker, there is no specific time period during which SIPC must give you access to your cash or securities.

Differences in Risk (Continued)

Money Fund Sweep Feature

Your investment in a Schwab® Sweep Money Fund is not a bank deposit and is not insured or guaranteed by the FDIC or any other government agency. Schwab® Sweep Money Funds are not guaranteed by Charles Schwab & Co., Inc. or The Charles Schwab Corporation.

Although Schwab® Sweep Money Funds seek to preserve the value of your investment at \$1.00 per share, Schwab® Sweep Money Funds are subject to a number of risks, any of which could cause you to lose money.

Schwab® Sweep Money Funds can also be subject to additional liquidity fees and redemption gates imposed by the fund under certain circumstances. Please review the Schwab® Sweep Money Fund's prospectus and other disclosure materials prior to investing in a Schwab® Sweep Money Fund.

In the event that a Schwab® Sweep Money Fund is no longer able to maintain the net asset value of its shares at \$1.00, 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 into your Account.

As a result of Schwab providing redemption requests for all of its clients, however, you should anticipate that the Board of Trustees of such a Schwab® Sweep Money Fund will likely invoke the right to suspend the fund so as to facilitate an orderly liquidation of the Schwab® Sweep Money Fund. If this occurs, it is unlikely that we will be able to accept redemption requests received on or up to two days before the date of the suspension order. Orders received during this time period may be reversed, and your Account may be debited. As a result, you may not have liquid funds available in your Account that you requested.

There is no specific time period during which a Schwab® Sweep Money Fund must make payments when it is liquidating, and Schwab will not credit your Account with funds in advance of payments received from the Schwab® Sweep Money Fund.

Until the proceeds from redemption requests are received for your Account, your funds invested in the Schwab® Sweep Money Fund will not be available for:

- withdrawals
- the payment of Schwab *BillPay*® transactions and other payments to third parties from your Account
- funding securities transactions in your Account

If you have outstanding checks or pending Schwab *BillPay*® transactions or other payments to third parties, you will need to take immediate steps to ensure that funding is available for those transactions without reliance on your funds invested in the Schwab® Sweep Money Fund. Your failure to immediately take appropriate action may result in the return of checks and non-payment of electronic debits and other items presented for payment against your Account, or charges to your margin account.

While an investment in a Schwab® Sweep Money Fund is not insured or guaranteed by the FDIC or Schwab, it is covered by SIPC against custodial loss (but not investment loss) in the event your brokerage firm becomes insolvent.

Schwab is a member of SIPC, which protects its members' securities up to \$500,000 (including \$250,000 for claims of cash).

Schwab® Sweep Money Funds are not considered cash but are treated as securities for SIPC coverage. An explanatory brochure is available on request or at www.sipc.org.

SIPC coverage is not the same as FDIC insurance protection. SIPC coverage does not insure against a decrease in value of a particular investment.

Difference in Benefits to Schwab**Bank Sweep and Bank Sweep for Benefit Plans Features**

The Affiliated Banks will use the cash balances in the Deposit Accounts to fund current and new lending activities and investments. The income that the Affiliated Banks earn through their lending and investing activities is expected to be greater than the fees earned by Schwab and its affiliates from managing and distributing Schwab® Sweep Money Funds or paying interest under the Schwab One® Interest feature.

Schwab One® Interest Feature

We will use Free Credit Balances to fund margin and other lending activities and investments. The income that we earn through our lending and investing activities is expected to be greater than the fees earned by Schwab and its affiliates from managing and distributing Schwab® Sweep Money Funds.

Money Fund Sweep Feature

The Schwab® Sweep Money Funds pay certain fees to CSIM and Schwab and pay various other expenses. Investors should carefully consider information contained in the prospectus for their Schwab® Sweep Money Fund, including investment objectives, risks, and fees. Request a prospectus by calling us. Read the prospectus carefully before investing. For more information visit: www.schwabfunds.com.

Difference in Conflicts of Interest**Bank Sweep and Bank Sweep for Benefit Plans Features**

In setting interest rates, the Affiliated Banks have the option to pay as low a rate as possible, consistent with their views of prevailing market and business conditions. Retirement and other benefit plan accounts will be paid a reasonable rate consistent with applicable legal and regulatory requirements.

Schwab One® Interest Feature

In setting interest rates, Schwab has the option to pay as low a rate as possible, consistent with its view of prevailing market and business conditions. Retirement and other benefit plan accounts will be paid a reasonable rate consistent with applicable legal and regulatory requirements.

Money Fund Sweep Feature

Schwab® Sweep Money Funds seek to achieve the highest yield (less fees and expenses) consistent with prudence and their investment objectives.

Differences in Tax Treatment**Bank Sweep and Bank Sweep for Benefit Plans Features**

Interest paid by the Affiliated Banks under the Bank Sweep and Bank Sweep for Benefit Plans features is taxable and will be reported by Schwab to the IRS on Form 1099.

Schwab One® Interest Feature

Interest paid by Schwab under the Schwab One® Interest feature is taxable and will be reported by Schwab to the IRS on Form 1099.

Money Fund Sweep Feature

Schwab® Sweep Money Funds offer taxable or tax-exempt income. Investment income on some tax-free money market funds may be subject to certain state and local taxes and, depending on your tax status, the federal alternative minimum tax.

13. International Affiliate Cash Feature Availability

For clients of Charles Schwab Hong Kong, a list of available cash features is below. Please refer to the applicable account application and account agreement for more complete information.

Charles Schwab, Hong Kong Ltd.:

- Depending on your jurisdiction and account type, some accounts will be eligible to have the Schwab U.S. Dollar Liquid Assets Fund (USD2Z) as the designated cash feature. Other accounts will have a non-interest bearing cash balance.

14. Affiliated Bank Lists

In the Multiple-Bank Versions of the Bank Sweep and Bank Sweep for Benefit Plans features, your Free Credit Balance will be deposited in Deposit Accounts at our Affiliated Banks in the order and amounts indicated in the following two tables. The specific Affiliated Bank list you are assigned is based upon your Cash Feature and Account address, either from when you opened your Account or when Schwab most recently updated the Affiliated Bank list, whichever is later.

Affiliated Bank List for Accounts Enrolled in the Multiple-Bank Version of the Bank Sweep Feature

Deposit Accounts Balance Amount*	Account Address in Texas or Minnesota	Account Address in Ohio	All Other Account Addresses
Balances of \$0 to \$249,000	Charles Schwab Premier Bank	Charles Schwab Trust Bank	Charles Schwab Bank
Balances of \$249,000.01 to \$498,000	Charles Schwab Bank	Charles Schwab Bank	Charles Schwab Premier Bank
All balances over \$498,000	Charles Schwab Bank	Charles Schwab Bank	Charles Schwab Bank

Affiliated Bank List for Accounts with the Multiple-Bank Version of the Bank Sweep for Benefit Plans Feature

Deposit Accounts Balance Amount	All Account Addresses
Balances of \$0 to \$249,000	Charles Schwab Bank
Balances of \$249,000.01 to \$498,000	Charles Schwab Trust Bank
All balances over \$498,000	Charles Schwab Bank

You may not designate an Affiliated Bank as ineligible to receive your funds, nor may you change Charles Schwab Bank as the Affiliated Bank to receive your remaining Free Credit Balance once the Deposit Limits at both Affiliated Banks are reached. However, you may at any time change the order of Affiliated Banks on your list to receive funds by contacting us at 1-800-435-4000. If your Account is an Advisor Services Account, please contact your advisor or call Schwab Alliance at 1-800-515-2157.

*For joint accounts, the upper deposit balance limits for each Affiliated Bank will be multiplied by the number of joint owners listed on the Account. For example, with a jointly held Account with two owners, balances up to \$498,000.00 would be deposited with the first Affiliated Bank listed, balances from \$498,000.01 to \$996,000 would be deposited with the second Affiliated Bank, and all deposits over \$996,000 would be deposited with Charles Schwab Bank.

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

Charles Schwab & Co., Inc., Charles Schwab Bank, Charles Schwab Premier Bank, and Charles Schwab Trust Bank are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Brokerage products are offered by Charles Schwab & Co., Inc., Member SIPC. Deposit products and services are offered by Charles Schwab Bank, Charles Schwab Premier Bank, and Charles Schwab Trust Bank, Members FDIC.

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab"). Certain investment advisors, such as Charles Schwab Investment Management, Inc. ("CSIM"), Charles Schwab Investment Advisory, Inc. ("CSIA"), and Schwab Private Client Investment Advisory, Inc., are affiliated with Schwab.

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October 2020

Please read this important information carefully.

Schwab IRA and ESA Account Agreement

Section 3

Information about your:

- Traditional IRA
- Roth IRA
- Custodial IRA
- Education Savings Account

The most recent account agreement information is available at www.schwab.com/accountagreements.

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Schwab IRA Account Agreement

Introduction

This Agreement contains important terms and conditions that apply to Schwab IRAs and services for Schwab IRAs, including the Traditional IRA and the Roth IRA. 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, or Sections 408 or 4975 of the Internal Revenue Code, and the regulations thereunder, shall be interpreted to be consistent and in compliance with that Plan and those Sections of that Code and regulations thereunder. To the extent it is not possible to interpret such language to be consistent and compliant with that Plan or these Code provisions and regulations, then 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.

This Agreement also contains important terms and conditions that apply to Schwab Education Savings Accounts and services for all Schwab Education Savings Accounts. Any language in this Account Agreement or related agreements that may conflict or be inconsistent with the Charles Schwab & Co., Inc. Education Savings Account Plan, including without limitation Sections 5.05 or 10.03 of that Plan, or Sections 530 or 4975 of the Internal Revenue Code, and the regulations thereunder, shall be interpreted to be consistent and in compliance with that Plan and those Sections of that Code and regulations thereunder. To the extent it is not possible to interpret such language to be consistent and compliant with that Plan or these Code provisions and regulations, then 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 Education Savings Account was entered into by the Account Holder.

Please read this Agreement carefully and retain it for future reference.

Definitions

As used in the Schwab IRA 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 IRA, consisting of the IRA Application; the Account Agreement for your Schwab IRA; the IRA Plan Adoption Agreement (if any); the Charles Schwab & Co., Inc. Individual Retirement Plan; and any other written agreements between you and us concerning the Schwab IRA, all as amended from time to time.
- **Account Application**—The application you submit to open an Individual Retirement Account (IRA).
- **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.
- **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 IRA 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 the Automated Clearing House (ACH) Network.
- **FDIC**—The Federal Deposit Insurance Corporation.
- **FDIC-Insured Deposit**—An FDIC-insured, interest-bearing account held at an affiliated bank and maintained on your behalf in the name of Charles Schwab & Co., Inc. as IRA Custodian into which cash balances in your IRA may be deposited. "Affiliated bank" is an FDIC-insured bank that is a direct or indirect subsidiary of The Charles Schwab 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 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 under the Charles Schwab & Co., Inc. Individual Retirement Plan (excluding SEP-IRAs) and/or Education Savings Account Plan.
- **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 IRA 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 IRA Application, their agents, and, in certain circumstances, any other persons who have or claim to have a legal or beneficial interest in the IRA.

Cash Account

1. Provision of Services

To open an IRA, you complete an IRA Application. When we approve your IRA Application, we'll open a cash account for you and act as your broker to purchase and sell securities for your Account based on your instructions. 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 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 and 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 regulations. Your continued use of your Account or a Service following such a change in fee or new fee will evidence your consent.

Some fees may be charged to a debit or credit card. By authorizing Schwab to charge a debit or credit card, you are authorizing Schwab or its respective designated representatives or agents to automatically continue charging that card (or any replacement credit card account if the original card is renewed, lost, stolen or changed for any reason by the credit-issuing entity, and such entity informs Schwab of such new replacement card account) for all fees and charges associated with your transactions or the products or Services you receive. Schwab reserves the right, but has no obligation, to negotiate different prices or arrangements than those described in a *Pricing Guide* or elsewhere with account holders and with unaffiliated third parties acting as agents for certain account holders.

Transfer (Out) Fee and Account Minimums—Schwab can charge a fee when you request a transfer of assets from the Account to another financial institution (a "TOA"), as set forth in the applicable *Pricing Guide* or fee schedule. A TOA occurs when you request (either personally or through another financial institution) that Schwab transfer securities or cash out of the Account. A TOA of all the assets in the Account is a "full TOA"; a TOA in any amount less than this is a "partial TOA." Schwab reserves the right to later change fees or waive the minimum or fees on any account in circumstances that we deem appropriate. You agree to pay our brokerage commissions and transaction, processing and other fees as they exist from time to time and apply to your Account for transactions and services you receive. 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 may, in our discretion, accept custody of certain assets not normally available through Schwab; we will charge fees for this service. You agree also to pay all applicable state and local excise taxes.

You may obtain a copy of the applicable *Pricing Guide* or fee schedule by calling 1-800-435-4000, or if your Account is managed by an independent investment advisor, please contact your advisor directly, or call Schwab Alliance at 1-800-515-2157.

4. Rules and Regulations

Your IRA and any transactions you make are subject to our house trading rules and policies and the following rules, regulations, and policies, all as modified or amended from time to time:

- Applicable rules, regulations, customs, and usages of any exchange, market, clearinghouse, or self-regulatory organization.
- Applicable federal and state laws, rules, regulations and treaties.

5. Payment, Equity Deposit, Settlement and Liquidation

You agree to pay for all transactions you make and all authorized transactions in your IRA. When you purchase securities on a cash basis, you agree to pay for the securities in full by settlement day. We may use available funds in your IRA to settle a transaction.

We may require an equity deposit or full payment before we accept your order. When you sell long securities, you must own the securities when you place the order. You agree also to make good delivery of the securities you're selling by settlement day. If you don't make good delivery of your securities when making a sale, or if you don't tender the total purchase price when making a purchase, we may take appropriate steps to complete, cancel, or liquidate the transaction.

This may include purchasing or borrowing the securities necessary to make the delivery. Failure to make good delivery includes your deposit of securities that are later found to be restricted, canceled, reported lost or stolen, escheated, or otherwise not freely transferable.

You're responsible for all debits, costs, commissions, and losses arising from any actions we must take to liquidate or close transactions in your IRA, 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 to Schwab.

6. Payment of Indebtedness

You agree to make payment of any indebtedness related to your Schwab IRA, 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 IRA.

We may 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'll charge a fee to your Schwab IRA. 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/sale (or settlement of such buy/sale) 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 Responsibilities 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're 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 haven't 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'll be charged a brokerage commission and/or fee for any such transaction.

Please note: Although we may take the actions described above, we aren't 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 IRA.

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

- You are or you become a director, 10% beneficial shareholder, policy-making officer, or otherwise an "affiliate" (as defined in Rule 144 under the Securities Act of 1933) of a publicly traded company; or
- 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. Custodial Accounts

If the Account is opened under either the Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act (UGMA or UTMA), the Custodian represents that all assets in the Account belong to the beneficiary and that the Custodian will only use the assets for the beneficiary's benefit. The Custodian agrees to transfer and deliver to the beneficiary all securities and other property held in the Account promptly upon the beneficiary attaining the age specified by the governing state law for termination of the custodianship. The age of custodianship termination varies by state, although many states set the maximum age for termination at 21. If you do not indicate a termination age, the Account will be set up using the default age for termination in the Custodian's state of residence. If the termination age selected is different from the state's default age, the Custodian agrees and acknowledges that he (she) is responsible under UGMA or UTMA for determining the proper termination age and that Schwab is not responsible for doing so. If you have questions about the termination age, please consult your legal or tax adviser. Upon the termination of the custodianship, the Custodian agrees to provide Schwab, upon request, with the beneficiary's address, phone number and any other information that may assist Schwab in contacting the beneficiary. The Custodian instructs Schwab, without further notice or instruction from the Custodian, to register the Account into the beneficiary's name as soon as commercially practicable after the termination of the custodianship. In addition, the Custodian acknowledges that Schwab may restrict the Custodian's access to the Account upon termination of the custodianship.

13. Termination

You may close your Schwab IRA 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 rights and obligations incurred prior to closure or termination.

14. 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 also authorize your wireless carrier (AT&T, Sprint, T-Mobile, US Cellular, Verizon, or any other branded wireless operator) to disclose information about your wireless account, such as your mobile number, name, address, email, network status, customer type, customer role, billing type, mobile device identifiers (IMSI and IMEI) and other subscriber status, subscriber method and device details, if available, to support identity verification, fraud avoidance and other uses in support of transactions for the duration of your business relationship with us. This information may also be shared with other companies to support your transactions with us and for identity verification and fraud avoidance purposes. See our Privacy Policy for how we treat your data.

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.

15. 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.

16. Account Control Certifications

You acknowledge that this Account Agreement and your Schwab IRA 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 haven't been designated by the U.S. Treasury Department'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 aren't acting as agent of any such person. You also represent and warrant that you aren't 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.

17. 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.

18. 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.

19. Losses Due to Extraordinary Events

We aren't 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.

20. 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 non-commercial use; you may not sell, market, or redistribute it in any way, unless you've 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 can't 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 aren't 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 won't exceed the amount you've 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.

21. 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 required under the Internal Revenue Code, the 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 memoranda, 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.

You further acknowledge that Schwab has no responsibility for determining whether any transaction or investment would constitute a prohibited transaction, generate unrelated business taxable income, or constitute a listed transaction or reportable transaction, as any of those foregoing terms are defined in the Internal Revenue Code and regulations thereunder, or to inform you of the consequences and/or reporting requirements with respect to such transactions. Schwab will have no responsibility for determining whether an investment made in the IRA Account earned income that is deemed to be unrelated business income which is subject to federal income tax, and will not prepare any returns or perform any tax reporting required as a result of liability incurred for tax on unrelated business taxable income.

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, are 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 issuers 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."

Reporting Values of Non-Publicly Traded Securities to the IRS. With respect to IRAs, Schwab is required by law to annually report the fair market value of the Account to the IRS. Where there is not an available market price, unless you have arranged otherwise with Schwab in writing, you instruct Schwab to obtain the fair market value for the Non-Publicly Traded Security directly from the issuer or sponsor of the Non-Publicly Traded Security. You represent and warrant that the issuer or sponsor of your Non-Publicly Traded Security will provide an accurate estimate of fair market value that may be relied upon by Schwab in its tax reporting. You agree that Schwab has no obligation to you and you are not relying on Schwab to verify, confirm, or review for reasonableness such valuations. Schwab makes no representations that the values are reasonable, are accurate, or reflect your actual holdings, and disclaims all such responsibility. In its sole discretion, Schwab may obtain values for your Non-Publicly Traded Security for tax reporting purposes from issuers, from third-party data providers, from third-party valuation services, or from any public or secondary market upon which the Non-Publicly Traded Security may be transacted from time to time.

Alternatively, you may agree with Schwab in writing to obtain an independent third-party valuation of your Non-Publicly Traded Security. The valuation, performed by a valuation firm selected by Schwab at your expense, will be required at least annually and will be used to report the fair market value of your Account to the IRS. Schwab may continue to report the value provided by the issuers or sponsors of your Non-Publicly Traded Security on your Schwab statement or may report a value of "N/A" or "Not Available" on your Schwab statement. You will be required to pay for the valuation annually. You understand that the fair market value reported to the IRS may be the same or may be different from the value reported on your Schwab statements depending on the valuation determination made by the issuer or sponsor of the Non-Publicly Traded Security. If the values are the same, the December 31 Schwab statement will provide you with the IRS Form 5498 account value. If the values are different, Schwab will notify you.

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 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 distribute the Non-Publicly Traded Security directly to you. If the Non-Publicly Traded Security is represented by a physical certificate in Schwab's possession, Schwab will return the physical certificate to you. If the Non-Publicly Traded Security is not certificated, you agree that Schwab may remove the security from your Account by notifying the issuer to re-register the position in your name and remove Schwab as custodian. 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.

You understand that such distributions are generally subject to federal and possibly state income tax withholding unless you elect not to have withholding apply. With respect to each such distribution, you understand that it is your responsibility to maintain a sufficient cash balance in your Account to satisfy your tax withholding election. In the event of a distribution to you, if with respect to your Account you have elected to have amounts withheld, Schwab will apply such tax withholding to each such distribution pursuant to such election; provided further that, to the extent that your Account does not have a sufficient cash balance to satisfy the applicable tax withholding amount for any such distribution, you acknowledge and agree that when you request us to hold the Non-Publicly Traded Security, you are making an election not to have any applicable federal or state tax withheld with respect to any such distribution made to you pursuant to this paragraph. You understand that your election not to have taxes withheld from such distributions may result in your being responsible for payment of federal and state income taxes, if

applicable, on the taxable portion of your distribution, and that you may be subject to additional tax penalties if your withholding and payment of estimated tax, if any, are not adequate or made in a timely fashion.

Schwab also reserves the right to resign as IRA custodian of the Account consistent with the terms of the Plan as a result of your failure to remove the Non-Publicly Traded Security from your Account after notification. You agree that in the event of a distribution of a Non-Publicly Traded Security held in your Account pursuant to our resignation as custodian of the Account, Schwab is authorized and directed by you to use either the last reported value provided by the issuer or the last reported value obtained in the manner you have instructed Schwab to receive value, or the cost value for the Non-Publicly Traded Security, as may be determined by Schwab for purposes of any distribution from your Account. You understand that any distribution from your IRA, except a direct transfer, is generally subject to federal (and possibly state) tax unless you elect not to have withholding apply. In the event of a resignation as custodian by Schwab and distribution of your Account to you, to the extent that you have elected to have amounts withheld, Schwab will apply the withholding pursuant to such election; provided further that, in the event that your Account does not have a sufficient cash balance to satisfy the applicable withholding amount, you acknowledge and agree that when you request us to hold the Non-Publicly Traded Security, you are making a tax withholding election not to have any applicable federal or state tax withheld with respect to any distribution made to you pursuant to this paragraph and the terms of the Plan. You understand that your election not to have taxes withheld from such distributions may result in your being responsible for payment of federal and state income taxes, if applicable, on the taxable portion of your distribution, and that you may be subject to additional tax penalties if your withholding and payment of estimated tax, if any, are not adequate or are not made in a timely fashion.

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 securities. 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.

22. 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're 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 IRA.

You're responsible for the confidentiality and use of your access number, password, 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 didn't place.

You agree to pay all subscription, service, and use fees, if any, that we charge for the services. We may treat such fees as a debit to your IRA 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've provided to us for this purpose.

We won't 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 won't exceed the amount you've paid for use of the services or market data.

23. 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;
- While 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.

24. 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 marketable 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.

25. 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.

26. 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 don't 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.

27. 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.

28. 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.

29. 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 non-standard 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 non-standard 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.

30. 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.

31. 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.

32. Fractional Shares

Schwab may facilitate the trading of a fraction of a share of a security ("Fractional Share"), and subsequently hold Fractional Shares in custody in your account. Fractional Shares present unique risks and have

certain limitations. Fractional Shares may have different rights from full share interests of the same security:

- **Selling and Transferring Fractional Shares.** If you hold a position that has a Fractional Share, you can sell the entire position (all whole shares and any fraction), a number of whole shares, or a number of whole shares plus the entire fractional portion, but you cannot sell an amount that would leave less than one whole share in your account.
- **Illiquidity.** Schwab does not guarantee that there will be a market for Fractional Shares of a particular security.
- **Price Improvement.** The Fractional Share component of certain orders may not be eligible for price improvement, which occurs when an order is executed at a price more favorable than the displayed national best bid or offer.
- **Transfer or Certification.** Fractional Share positions cannot be transferred or certificated. If you want to transfer your account or specific share positions to another broker, your Fractional Shares that cannot be transferred or reorganized will be liquidated at prevailing market prices, and the proceeds will be credited to your Account. Since your Fractional Shares cannot be transferred, your overall SIPC coverage may be affected.
- **Dividends.** If your Fractional Shares pay a dividend, the dividend payable to your Fractional Share position must be greater than or equal to one half of one cent to be credited to your Account, and it will be paid in proportion to your ownership interest.
- **Corporate Actions.** Fractional Shares may be eligible to participate in mandatory corporate actions such as stock splits, mergers, or spin-offs. Holders of less than one full share of stock will not, however, be able to exercise voting rights on matters that shareholders of the company issuing the stock are entitled to vote. Only whole shares, and not Fractional Shares, are eligible to participate in voluntary corporate actions, including tender offers and certain rights offerings.

33. 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.

34. Trade Reports, Confirmations and Statements

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're 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.

35. 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.

36. Nontraded Assets

If your IRA 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 don't 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 IRA. We also reserve the right to require 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 IRA.

37. Unrelated Business Taxable Income Provisions (UBTI)

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 IRA for each year in which the IRA has unrelated business income ("UBI") of more than \$1,000. 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 IRA's shares of income from the partnership. Schwab will compute the tax owing with respect to the IRA 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 IRA. You agree that, if your IRA holds assets that generate UBI, your IRA 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 amounts to your IRA (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 IRA 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 IRA 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.

38. 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'll retain tape recordings.

39. 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(ies) 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.

40. 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(ies) 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.

41. 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's 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;
- To evaluate your creditworthiness or the collectibility of any debt you owe us;
- To companies in which you hold securities (as defined in Rule 14b-1 under the Securities and Exchange Act of 1934), unless we receive your written objection; or
- If you give us your permission.

42. 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.

43. Separability

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

44. 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 won't 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 to not 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 won't 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 isn't considered a waiver of our rights under the Schwab IRA Account Agreement.

45. 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 forth in the prospectuses of the Schwab Affiliate Funds, as amended from time to time. In addition, Schwab receives shareholder servicing payments from the Schwab Funds® and Laudus Funds™ for the services Schwab provides to fund shareholders that are customers of Schwab.

46. 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 transmittal 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

OR

Charles Schwab & Co., Inc.
Attn: Document Control
P.O. Box 628291
Orlando, FL 32862-8291

Outside the U.S., call: +1-602-355-3426.

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.

47. 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 pre-scribe 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, inaccuracy 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.

48. 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 Account 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.

49. 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.

50. 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 IRA), 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.

51. MoneyLink Transaction Errors

If you think your statement is wrong or if you need more information about a transfer listed on the statement, call or write to us as soon as you can:

Call: 1-800-421-4488

Write: Charles Schwab & Co., Inc.
Attn: Document Control
P.O. Box 982600
El Paso, TX 79998

OR

Charles Schwab & Co., Inc.
Attn: Document Control
P.O. Box 628291
Orlando, FL 32862-8291

Outside the U.S., call: +1-415-667-8400

For MoneyLink Electronic Fund Transfers, we must hear from you no later than 60 calendar days after the date we sent the first statement on which the problem or error appeared. If you tell us orally, we may require you to send us your complaint or question in writing within 10 Business Days. We'll need the following information:

- Your name and account number,
- A description of the error or transaction you're unsure about,

- A clear explanation of why you believe it's an error or why you need more information, and
- The dollar amount of the transaction or suspected error.

We will tell you the results of our investigation within 10 Business Days after we hear from you and will correct any error promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question.

If you are a new customer and the error or question concerns a MoneyLink Electronic Fund Transfer that occurred within 30 days after the first deposit to your Schwab IRA was made, we will tell you the results of our investigation within 20 Business Days after we hear from you. If we need more time, we may take up to 90 days to investigate.

In addition, we may take up to 90 days to investigate if the error or question relates to a MoneyLink Electronic Fund Transfer that was initiated outside of the United States or resulted from a point-of-sale debit card transaction.

If we decide we need the additional time to investigate your complaint or question, we will provisionally credit your Account within 10 Business Days (or 20 Business Days for errors or questions relating to transactions that occurred within 30 days after the first deposit to the Schwab IRA was made) for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within 10 Business Days (or 20 Business Days if applicable), we may not credit your Account.

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 the documents that we used in our investigation.

52. 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 (known as "first party" money movement). Examples include journaling or wiring assets between: an individual's account and his/her Individual Retirement Account; an individual's account and his/her revocable living trust; a husband/wife's joint account and the same husband/wife's community property account.

53. 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.

54. 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.

55. 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.

56. 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 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 withdrawals 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 Sweep 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:

- Traditional IRAs;
- Rollover IRAs;
- Roth IRAs (Account must be open for a minimum of five years).

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've 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'll 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'll 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'll calculate to four decimal places. You'll 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 won't charge a commission for these transactions. Timing is subject to our discretion. You'll 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'll cause the rights, accruing to all partial shares of that security subject to the Schwab StockBuilder Plan®, to be sold, and we'll 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 positions 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 partial 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 the publication date and your position is called, you'll need to cover those shares.

6. Confirmations on Statements

All transactions made through the Schwab StockBuilder Plan® will be confirmed on your regular monthly or quarterly account statement. You may obtain information by calling us at 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 dividends are paid. This notice won't 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 IRA, 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'll 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'll pay all brokerage commissions or service charges assessed by the buying agent that apply to automatic reinvestment transactions in SCHW stock. We'll also bear all administrative costs of the Schwab StockBuilder Plan® that are associated with reinvestment in SCHW stock.

We'll promptly forward to the buying agent all eligible cash distributions that we receive from SCHW for Schwab StockBuilder Plan® participants. The buying agent will use all funds it receives on behalf of Schwab StockBuilder Plan® participants to purchase shares of SCHW stock in the open market. The buying agent may buy such shares through us or through another broker-dealer. Shares purchased by the buying agent will be delivered to us as your administrative agent.

We'll credit your Account with the number 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'll promptly supply requests for instructions to each account holder who has chosen SCHW stock for the Schwab StockBuilder Plan®. We won't 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 information 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 information. 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 wireless 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 hardware, 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 maintenance, 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 branch offices. 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 representative 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 various 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 Third-Party 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 non-infringement. 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 of 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 future 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 immediately notify Schwab 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 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 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 accept 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 Service-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.

charles
SCHWAB

Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab"). Certain investment advisors, such as Charles Schwab Investment Management, Inc. ("CSIM"), Charles Schwab Investment Advisory, Inc. ("CSIA"), and Schwab Private Client Investment Advisory, Inc., are affiliated with Schwab.



October 2020

Charles Schwab & Co., Inc. Individual Retirement Plan

Information pertaining to your:

- Traditional IRA Retirement Account
- Roth IRA Retirement Account

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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.

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, commissions-paid salesmen, 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:

Filing Status	Full Contributions	Phase-Out Range Modified AGI	No Contributions
Single or Head of Household	\$95,000 or less	Between \$95,000 and \$110,000	\$110,000 or more
Joint Return or Qualifying Widow	\$150,000	Between \$150,000 and \$160,000	\$160,000 or more
Married Filing Separate	\$0	Between \$0 and \$10,000	\$10,000 or more

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(p) 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 distributions 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 of 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 of 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 IRA, SIMPLE IRA or SEP IRA) and is made on account of one of the following events:

- on or after the attainment of age 59½,
- the IRA Account Holder becomes disabled, as described in Code section 72(m)(7),
- the distribution is used to pay expenses for the "qualified" purchase of a first home, or
- the Roth IRA Account Holder dies, and the distribution is made to the Roth IRA Account Holder's Beneficiary or estate.

B. Nonqualified Distributions. If the Roth IRA Account Holder does not meet the requirements for a qualified distribution, any earnings withdrawn from his or her Roth IRA will be included in gross income and, if the Roth IRA Account Holder is under age 59½, may be subject to an early distribution penalty. However, when the Roth IRA Account Holder takes a distribution, the amounts he or she contributed annually to any Roth IRA account will be deemed to be removed first, followed by conversion contributions made to any Roth IRA on a first-in, first-out basis. Therefore, the IRA Account Holder's nonqualified distributions will not be taxable until the IRA Account Holder's withdrawals exceed the amount of his or her annual contributions and conversion contribution amounts.

3.3 Transfers and Rollovers

The Custodian can receive amounts transferred or rolled over to this Roth IRA from the trustee or Custodian of another Roth IRA as permitted by statute or applicable regulations.

Article IV. Provisions Governing Traditional IRAs

This Article IV shall only apply if this IRA has been designated by the IRA Account Holder on the Account Application as a Traditional IRA and is not a SEP IRA.

4.1 IRA Contribution Limits

A. Regular Contributions. Except in the case of a "qualified rollover contribution" or a recharacterization (as defined in [H] below), no contribution will be accepted unless it is in cash and the total of such contributions to all the individual's Traditional 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." A "qualified rollover contribution" is a rollover contribution that meets the requirements of Section 408(d)(3) of the Code.

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 Traditional IRAs for the taxable year is reduced by the regular contributions made to the individual's Roth IRAs for the taxable year.

B. Rollover Limits. The Custodian may accept additional cash contributions on behalf of the Traditional IRA Account Holder for a tax year of the IRA Account Holder. The total cash contributions are limited to the IRA Contribution Limit for the tax year unless the contribution is a rollover contribution described in Sections 402(c), 402(e)(6), 403(a)(4), 403(b)(8), 403(b)(10), 408(d)(3) and 457(e)(16) of the Code, or an employer contribution to a SEP Plan as described in Section 408(k) of the Code.

C. Additional Contributions. In addition to the amounts described in Articles 4.1(A) and (B), a Traditional IRA Account Holder 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.

D. Employees of Certain Bankrupt Employers. A Traditional 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 Traditional IRA Account Holder who makes 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 403(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 both 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)-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 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 receives 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 holders' 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.

The IRA Account Holder of a Traditional IRA must begin taking minimum distributions at his or her required beginning date in accordance with Section 4.2. Although the IRA Account Holder of a Roth IRA is not required to take minimum distributions during his or her lifetime at the IRA Account Holder's death, the Beneficiary(ies) must begin taking minimum distributions in accordance with this Agreement. The amount to be distributed each year to the Beneficiary(ies) as a required minimum distribution shall not be less than the amount determined by dividing the value of the IRA Account as of December 31 of the preceding year by the appropriate distribution period. The distribution period utilized by the designated beneficiary(ies) of either a Roth or a Traditional IRA is contingent upon whether the IRA Account Holder died prior to attaining his or her required beginning date (as described in (i) below). The Custodian will make no payouts from this IRA until the Custodian receives a written request for a distribution from the Beneficiary on a form provided or approved by the Custodian. A Beneficiary's failure to withdraw required minimum distributions from the IRA Account Holder's Account may subject the Beneficiary to a 50% excise tax for that year on the amount not distributed as required by Section 401(a)(9) of the Code. The required minimum distributions payable to a Beneficiary from this IRA may be withdrawn from another IRA the Beneficiary holds from the same decedent in accordance with Section 1.408-8 Q&A-9 of the Treasury Regulations.

If the IRA Account Holder receives distributions prior to the required beginning date and the IRA Account Holder subsequently dies, the IRA Account Holder will not be considered as having reached his or her required beginning date.

- (i) If the IRA Account Holder of a Roth IRA dies or if the IRA Account Holder of a Traditional IRA dies prior to his required beginning date (April 1 of the year following the year the IRA Account Holder would have attained age 70½), at the election of the IRA Account Holder or, if the IRA Account Holder has not so elected, at the election of the designated beneficiary or Beneficiaries, the entire remaining interest will either:
 - (a) Be distributed by December 31 of the year containing the fifth anniversary of the IRA Account Holder's death; or
 - (b) Begin to be distributed no later than December 31 of the year following the year of the IRA Account Holder's death based on the life expectancy of the designated beneficiary(ies) as calculated in accordance with the Single Life Table distribution period obtained from Treasury Regulation Section 1.401(a)(9)-9, Q&A1. The distribution period is 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. If this is an inherited IRA within the meaning of Section 408(d)(3) of the Code established for the benefit of a nonspouse Beneficiary by a direct trustee-to-trustee transfer from a retirement plan of a deceased individual under Section 402(c)(11) of the Code, then, notwithstanding any election made by the deceased individual pursuant to the preceding sentence, the nonspouse Beneficiary may elect to have distributions made under this Section of the Agreement if the transfer is made no later than the end of the year following the year of death.
 - (c) If the IRA Account Holder's surviving spouse is the sole designated beneficiary, the distribution period is the divisor listed on the Single Life Table next to the surviving spouse's age as of his or her birthday in the current year. Additionally, if the sole designated beneficiary is the IRA Account Holder's spouse, the surviving spouse may elect to begin distributions on December 31 of the year following the year of the IRA Account Holder's death, delay distributions until

December 31 of the year in which the IRA Account Holder would have turned age 70½ or roll over the assets of the account to his or her own Roth or Traditional IRA, or deem this IRA his or her own, as applicable. 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 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.

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(i), 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.

(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 (ii)(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 or 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,

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 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 IRA 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 Section IRC Sec. 408(a)) or a Roth IRA (under IRC Sec. 408A and a SEP IRA (under IRC Sec 408(k) 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.

Section 1. 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 percent of your compensation or \$6,000 (for 2019 and 2020), 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 Internal Revenue Code Section (IRC Secs.) 408A), the maximum contribution to your Traditional IRAs is reduced by any contributions you make to your Roth IRAs. Your total annual contribution to all Traditional IRAs and Roth IRAs cannot exceed the lesser of the dollar amounts described above or 100 percent 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 percent of your compensation or \$6,000 (for 2019 and 2020), with possible cost-of-living adjustments each year thereafter. If you are a married individual filing a joint income tax return, or equals or exceeds \$122,000 (for 2019) or \$124,000 (for 2020) if you are a single individual. Married individuals filing a joint income tax return with MAGI equaling or exceeding \$203,000 (for 2019) or \$206,000 (for 2020) may not fund a Roth IRA. Single individuals with MAGI equaling or exceeding \$137,000 (for 2019) or \$139,000 (for 2020) 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

Your Roth IRA contribution is further limited if your modified adjusted gross income (MAGI) equals or exceeds \$193,000 (for 2019) or \$196,000 (for 2020) if you are a married individual filing a joint income tax return, or equals or exceeds \$122,000 (for 2019) or \$124,000 (for 2020) if you are a single individual. Married individuals filing a joint income tax return with MAGI equaling or exceeding \$203,000 (for 2019) or \$206,000 (for 2020) may not fund a Roth IRA. Single individuals with MAGI equaling or exceeding \$137,000 (for 2019) or \$139,000 (for 2020) 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 2020.

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 phase-out 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 \$201,000, your maximum Roth IRA contribution for 2020 is \$3,000 $(\$206,000 \text{ minus } \$201,000) \text{ divided by } \$10,000 \text{ and multiplied by } \$6,000$.

If you are single and your MAGI is between the applicable MAGI phase-out for the year, your maximum Roth IRA contribution is determined as follows. (1) Begin with the appropriate MAGI phase-out 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 \$127,000, your maximum Roth IRA contribution for 2020 is \$4,800 $(\$139,000 \text{ minus } \$127,000) \text{ divided by } \$15,000 \text{ and multiplied by } \$6,000$.

D. Traditional IRA Contribution Eligibility.

For tax years beginning before 2020, 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. For 2020 and later tax years, you may make a regular contribution to your IRA at any age if you have compensation.

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. Nonforfeiture.

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 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. If you were born before July 1, 1949, 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. If you were born on or after July 1, 1949, you are required to take a minimum distribution from your IRA for the year in which you reach age 72 and for each year thereafter. You must take your first distribution by the required beginning date, which is April 1 of the year following the year you attain age 72. 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 your required beginning date.

- (a) Make no distribution until you give us a proper withdrawal request
- (b) Distribute your entire IRA to you in a single sum payment
- (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 percent 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.

M. Beneficiary Distributions for Traditional IRAs.

Upon your death, your beneficiaries are required to take distributions according to IRC Sec. 401(a)(9) and Treasury Regulation 1.408-8. These requirements are described below.

1. **Death of IRA Owner Before January 1, 2020** – Your designated beneficiary is determined based on the beneficiaries designated as of the date of your death, who remains 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 Traditional IRA for purposes of determining the distribution period. If there is no designated beneficiary of your Traditional IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.

If you die before your required beginning 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 designated 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 containing 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 beneficiary, 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 72 (age 70½ if you would have attained age 70½ before 2020), 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 designated beneficiary of your Traditional IRA for purposes of determining the distribution period. If there is no designated beneficiary of your Traditional IRA, the entire Traditional IRA must be distributed by December 31 of the year containing the fifth anniversary of your death.

2. **Death of IRA Owner On or After January 1, 2020** – The entire amount remaining in your account will generally be distributed by December 31 of the year containing the tenth anniversary of your death unless you have an eligible designated beneficiary for purposes of determining a distribution period. This requirement applies to beneficiaries regardless of whether you die before, on, or after your required beginning date.

If your beneficiary is an eligible designated beneficiary, the entire amount remaining in your account may be distributed (in accordance with the Treasury Regulations) over the remaining life expectancy of your eligible designated beneficiary (or over a period not extending beyond the life expectancy of such beneficiary).

An eligible designated beneficiary is any designated beneficiary who is

- your surviving spouse,
- your child who has not reached the age of majority,
- disabled (A physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration.),
- an individual who is not more than 10 years younger than you, or
- chronically ill (A chronically ill individual is someone who (1) is unable to perform (without substantial assistance from another individual) at least two activities of daily living for an indefinite period due to a loss of functional capacity, (2) has a level of disability similar to the level of disability described above requiring assistance with daily living based on loss of functional capacity, or (3) requires substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.)

Note that certain trust beneficiaries (e.g., certain trusts for disabled and chronically ill individuals) may take distribution of the entire amount remaining in your account over the remaining life expectancy of the trust beneficiary.

Generally, life expectancy distributions to an eligible designated beneficiary must commence by December 31 of the year following the year of your death. However, if your spouse is the eligible designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 72, if later. If your eligible designated beneficiary is your minor child, life expectancy payments must begin by December 31 of the year following the year of your death and continue until the child reaches the age of majority. Once the age of majority is reached, the beneficiary will have 10 years to deplete the account.

If a beneficiary other than a person (e.g., your estate, a charity, or a certain type of trust) is named, you will be treated as having no designated beneficiary of your IRA for purposes of determining the distribution period. If you die before your required beginning date and 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. If you die on or after your required beginning date and there is no designated beneficiary of your IRA, distributions will commence using your single life expectancy, reduced by one in each subsequent year.

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 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.

N. Required Minimum Distributions for Roth IRAs

You are not required to take distributions from your Roth IRA during your lifetime (as required for Traditional and savings incentive match plan for employees of small employers (SIMPLE) IRAs). However, your beneficiaries 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.

O. 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 IRA holds as investments.

For more information on QLACs, you may wish to refer to the IRS website at www.irs.gov.

P. Beneficiary Distributions for Roth IRAs

Upon your death, your beneficiaries are required to take distributions according to IRC Sec. 401(a)(9) and Treasury Regulation 1.408-8. These requirements are described below.

1. Death of Roth IRA Owner Before January 1, 2020 – 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. 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 designated 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 containing 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 beneficiary, 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 72 (70½ if you would have attained 70½ before 2020), 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 designated 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.

2. Death of Roth IRA Owner On or After January 1, 2020 – The entire amount remaining in your account will generally be distributed by December 31 of the year containing the tenth anniversary of your death

unless you have an eligible designated beneficiary or you have no designated beneficiary for purposes of determining a distribution period.

If your beneficiary is an eligible designated beneficiary, the entire amount remaining in your account may be distributed (in accordance with the Treasury Regulations) over the remaining life expectancy of your eligible designated beneficiary (or over a period not extending beyond the life expectancy of such beneficiary).

An eligible designated beneficiary is any designated beneficiary who is

- your surviving spouse,
- your child who has not reached the age of majority,
- disabled (A physician must determine that your impairment can be expected to result in death or to be of long, continued, and indefinite duration.),
- an individual who is not more than 10 years younger than you, or
- chronically ill (A chronically ill individual is someone who (1) is unable to perform (without substantial assistance from another individual) at least two activities of daily living for an indefinite period due to a loss of functional capacity, (2) has a level of disability similar to the level of disability described above requiring assistance with daily living based on loss of functional capacity, or (3) requires substantial supervision to protect this individual from threats to health and safety due to severe cognitive impairment.)

Note that certain trust beneficiaries (e.g., certain trusts for disabled and chronically ill individuals) may take distribution of the entire amount remaining in your account over the remaining life expectancy of the trust beneficiary.

Generally, life expectancy distributions to an eligible designated beneficiary must commence by December 31 of the year following the year of your death. However, if your spouse is the eligible designated beneficiary, distributions need not commence until December 31 of the year you would have attained age 72, if later. If your eligible designated beneficiary is your minor child, life expectancy payments must begin by December 31 of the year following the year of your death and continue until the child reaches the age of majority. Once the age of majority is reached, the beneficiary will have 10 years to deplete the account.

If a beneficiary other than a person (e.g., your estate, a charity, or a certain type of trust) is named, you will be treated as having no designated 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 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.

Q. Waiver of 2020 RMD

In spite of the general rules described above, if you are a Traditional IRA owner age 70½ or older, you are not required to remove an RMD for calendar year 2020. This RMD waiver also applies to Traditional IRA owners who attained age 70½ in 2019 but did not take their first RMD

before January 1, 2020. In addition, no Traditional or Roth IRA beneficiary life expectancy payments are required for calendar year 2020. If the five-year rule applies to an IRA with respect to any decedent, the five-year period is determined without regard to calendar year 2020. For example, if an IRA owner died in 2017, the beneficiary's five-year period ends in 2023 instead of 2022.

Section 2. Income Tax Consequences of Establishing an IRA

A. Traditional IRA Deductibility

If you are eligible to contribute to your IRA, the amount of the contribution 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 deductible. If you are an active participant (or are married to an active participant), the deductibility of your IRA contribution will depend on your modified adjusted gross income (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 participant 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 of small employers (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 \$66,000 in 2020, your maximum deductible contribution is \$5,400 (the 2020 phase-out range maximum of \$75,000 minus your MAGI of \$66,000, divided by the difference between the maximum and minimum phase-out range limits of \$10,000, and multiplied by the contribution limit of \$6,000).

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 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 \$107,000 in 2020, your maximum deductible

contribution is \$5,100 (the 2020 phase-out maximum of \$124,000 minus your MAGI of \$107,000, divided by the difference between the maximum and minimum phase-out limits of \$20,000, and multiplied by the contribution limit of \$6,000).

If you are an active participant, are married and you file a separate income tax return, your MAGI phase-out range is generally \$0–\$10,000. However, if you lived apart for the entire tax year, you are treated as a single filer.

Tax Year	Joint Filers	Single Taxpayers
	Phase-Out Range*	Phase-Out Range*
	(minimum) (maximum)	(minimum) (maximum)
2013	\$95,000 – \$115,000	\$59,000 – \$69,000
2014	\$96,000 – \$116,000	\$60,000 – \$70,000
2015	\$98,000 – \$118,000	\$61,000 – \$71,000
2016	\$98,000 – \$118,000	\$61,000 – \$71,000
2017	\$99,000 – \$119,000	\$62,000 – \$72,000
2018	\$101,000 – \$121,000	\$63,000 – \$73,000
2019	\$103,000 – \$123,000	\$64,000 – \$74,000
2020	\$104,000 – \$124,000	\$65,000 – \$75,000

*MAGI limits are subject to cost-of-living adjustments each year.

The MAGI phase-out range for an individual that is not an active participant, but is married to an active participant, is \$193,000– \$203,000 (for 2019) and \$196,000–\$206,000 (for 2020). This limit is also subject to cost-of-living increases for tax years after 2020. If you are not an active participant in an employer-sponsored retirement plan, are married to someone who is an active participant, and you file a joint 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 you 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 to 50 percent 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.

2019 Adjusted Gross Income*			
Joint Return	Head of a Household	All Other Cases	Applicable Percentage
\$1–38,500	\$1–28,875	\$1–19,250	50
\$38,501–41,500	\$28,876–31,125	\$19,251–20,750	20
\$41,501–64,000	\$31,126–48,000	\$20,751–32,000	10
Over \$64,000	Over \$48,000	Over \$32,000	0

2020 Adjusted Gross Income*			
Joint Return	Head of a Household	All Other Cases	Applicable Percentage
\$1–39,000	\$1–29,250	\$1–19,500	50
\$39,001–42,500	\$29,251–31,875	\$19,501–21,250	20
\$42,501–65,000	\$31,876–48,750	\$21,251–32,500	10
Over \$65,000	Over \$48,750	Over \$32,500	0

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

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 timely, an additional penalty tax of six percent 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 six percent 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 six percent 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

six percent 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 percent of 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.

$$\frac{(\text{Aggregate Nondeductible Contributions}) \times (\text{Amount Withdrawn})}{\text{Aggregate IRA Balance}} = \frac{\text{Amount Excluded From Income}}{\text{Amount Excluded From Income}}$$

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
 - 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 is 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 rollover 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 percent of the amount withdrawn must be withheld.

K. Early Distribution Penalty Tax.

If you receive an IRA distribution or a nonqualified Roth IRA distribution before you attain age 59½, an additional early distribution penalty tax of 10 percent 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. **10) Qualified birth or adoption.** Payments from your IRA for the birth of your child or the adoption of an eligible adoptee will not be subject to the 10 percent early distribution penalty tax if the distribution is taken during the one-year period beginning on the date of birth of your child or the date on which your legal adoption of an eligible adoptee is finalized. An eligible adoptee means any individual (other than your spouse's child) who has not attained age 18 or is physically or mentally incapable of self-support. The aggregate amount you may take for this reason may not exceed \$5,000 for each birth or adoption.

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, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or federal Thrift Savings Plan to your IRA. 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 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 competent tax advisor.

- 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 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. 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.

- 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.

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.

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 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 an 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 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 an IRA. If you elect the direct rollover option, your eligible rollover distribution will be paid directly to the IRA (or other eligible employer-sponsored retirement plan) that you designate. The 20 percent withholding requirements do not apply to direct rollovers.

5. **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 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. **Traditional IRA-to-Employer-Sponsored Retirement Plan.** You may roll over, directly or indirectly, any taxable eligible rollover distribution from an IRA to your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) eligible governmental deferred compensation plan as long as the employer-sponsored retirement plan accepts such rollover contributions.
7. **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.
8. **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 percent 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 percent penalty tax. If you are required to take a required minimum distribution for the

year, you must remove your required minimum distribution before converting your Traditional IRA.

9. **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 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 required to take a required minimum distribution for the year, you must remove your required minimum distribution before converting your SIMPLE IRA.
10. **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.

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.

If you are a spouse or nonspouse beneficiary of a deceased employer-sponsored retirement plan participant, or the trustee of an eligible type of trust named as beneficiary of such 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 Roth IRA, as permitted by the IRS. The Roth IRA must be maintained as an inherited Roth IRA, subject to the beneficiary distribution requirements.

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.

11. **Beneficiary Rollovers From Employer-Sponsored Retirement Plans.** If you are a spouse beneficiary, nonspouse beneficiary, or the trustee of an eligible type of trust named as 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.
12. **Beneficiary Rollovers From 401(k), 403(b), or 457(b) Eligible Governmental Plans Containing Roth Elective Deferrals.** If you are a spouse beneficiary, nonspouse beneficiary, or the trustee of an eligible type of trust named as beneficiary of a deceased 401(k), 403(b), or 457(b) eligible governmental deferred compensation 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.
13. **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 basis in your Roth IRA.
14. **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 to 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*.

- 15. Rollovers of Settlement Payments From Bankrupt Airlines.** If you are a qualified airline employee who has received a qualified airline settlement payment from a commercial airline carrier under the approval of an order of a federal bankruptcy court, you are allowed to roll over up to 90 percent of the proceeds to your IRA, within 180 days after receipt of such amount, or by a later date if extended by federal law. 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.

If you are a qualified airline employee who has received a qualified 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, you are allowed to roll over any portion of the proceeds into your Roth IRA within 180 days after receipt of such amount, or by a later date if extended by federal law.

For further detailed information and effective dates you may obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at www.irs.gov.

- 16. Rollover 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.
- 17. 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.
- 18. Repayment of Qualified Birth or Adoption Distribution.** If you have taken a qualified birth or adoption distribution, you may generally repay all or a portion of the aggregate amount of such distribution to an IRA, as permitted by the IRS. For further information, you may wish to obtain IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, by visiting www.irs.gov on the Internet.
- 19. 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 or from one Roth 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. The deadline for completing a recharacterization is your tax filing deadline (including any extensions) for the year for which the original contribution was made. You may not recharacterize a Roth IRA conversion or an employer-sponsored retirement plan rollover.

Section 3. Limitations and Restrictions

A. SEP Plans

Under a simplified employee pension (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

For contributions made for tax years beginning before 2020, 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. For contributions made for 2020 and later tax years, you may contribute to an IRA established for the benefit of your spouse regardless of your spouse's age, if you are married and have 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.

You may contribute to a Roth IRA established for the benefit of your spouse, regardless of whether or not your spouse has compensation, and regardless of your spouse's age. The Roth IRA contribution may be further limited if your MAGI falls within the minimum and maximum thresholds for contribution eligibility. You must file a joint income tax return for the year for which the contribution is made.

The amount you may contribute to your IRA and your spouse's IRA is the lesser of 100 percent of your combined eligible compensation or \$12,000 for 2019 and 2020. 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 (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.

Section 4. 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 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 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 recontribute 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 be eligible to 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. 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 (for example, you sustained an economic loss due to, or are otherwise considered affected by, certain disasters designated by Congress), 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-B, *Distributions from Individual Retirement Arrangements (IRAs)*, from the IRS or refer to the IRS website at www.irs.gov.

G. Coronavirus-Related Distributions (CRDs)

If you qualify, you may withdraw up to \$100,000 in aggregate from your IRAs and eligible retirement plans as a CRD, without paying the 10 percent early distribution penalty tax. You are a qualified individual if you (or your spouse or dependent) is diagnosed with the COVID-19 disease or the SARS-CoV-2 virus in an approved test; or if you have experienced adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reduced hours of a business owned or operated by you due to such virus or disease, or other factors as determined by the IRS. A CRD must be made on or after January 1, 2020, and before December 31, 2020.

CRDs will be taxed ratably over a three-year period, unless you elect otherwise, and may be repaid over three years beginning with the day following the day a CRD is made. Repayments may be made to an eligible retirement plan or IRA.

An eligible retirement plan is defined as a qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, 457(b) eligible governmental deferred compensation plan, or an IRA.

IRS Approval Letters

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 benefiting 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 the manner in which such other plan will hold the assets will be consistent with the requirements of section 401 of the Code. Section 408(h) provides similar rules for custodians of individual retirement accounts.

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 benefiting 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)(7) 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



Independent investment advisors are not owned by, affiliated with, or supervised by Charles Schwab & Co., Inc. ("Schwab"). Certain investment advisors, such as Charles Schwab Investment Management, Inc. ("CSIM"), Charles Schwab Investment Advisory, Inc. ("CSIA"), and Schwab Private Client Investment Advisory, Inc., are affiliated with Schwab.



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