



Institutional Intelligent Portfolios

Frequently Asked Questions

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About Institutional Intelligent Portfolios®

1. What is the minimum amount required to open an account?

Please check with your advisor to confirm the minimum investment. The platform requires at least \$5,000 to open an account. Advisors may have a higher minimum.

2. How are Institutional Intelligent Portfolios® accounts serviced?

Institutional Intelligent Portfolios offers around-the-clock customer service from Charles Schwab & Co., Inc. (Schwab). If you have a question about your account, contact your advisor or a Schwab professional, who is available by phone 24/7 at **877-805-3399**.

Opening my account

3. How do login credentials and passwords remain secure?

Advisors don't manage your passwords for you, and you should not share logins and passwords with advisors. Advisors can view their clients' Institutional Intelligent Portfolios accounts via online tools made available to them or by co-browsing with you.

4. How are Institutional Intelligent Portfolios accounts funded? Can an existing account be transferred to Institutional Intelligent Portfolios?

Institutional Intelligent Portfolios accounts can be funded with cash or equity securities (individual stocks, exchange traded funds [ETFs], or mutual funds). Cash can be added through deposits, cash journals from another Schwab account, wire transfers, or Schwab MoneyLink®. To fund with equity securities, you can submit the request to your advisor, who in turn can initiate internal transfers through Schwab Advisor Center®. Automated Customer Account Transfers (ACATs) and non-ACAT transfers of assets from other financial institutions into Institutional Intelligent Portfolios accounts are also available, using standard processes in place for those transactions. Advisors can convert an existing Schwab account into an Institutional Intelligent Portfolios account. Advisors initiate the process using the digital account conversion tool on Schwab Advisor Center, and you, the account holder, agrees to the conversion electronically, using your Schwab credentials.



5. Can Institutional Intelligent Portfolios accommodate recurring contributions and distributions?

Yes. You are able to set up onetime or recurring deposits and withdrawals at any time through institutionalintelligent.schwab.com or schwaballiance.com. New funds are typically invested on the trading day following the contribution.

You can also elect to have dividends, interest, and capital gains withdrawn, using a form on the [Institutional Intelligent Portfolios website](#). Processing a distribution may require liquidating account assets and could take up to five business days.

6. How long does it take to transfer cash and deposits to an Institutional Intelligent Portfolios account?

If the request is made during regular business hours, mobile check deposits and cash transfers from other Schwab accounts are usually available the same day; wire transfers to an Institutional Intelligent Portfolios account also appear the same day. Automated clearing house transfers typically take one or two business days to process. After the cash and deposits are transferred, it can take approximately one additional business day for the funds to be invested into a portfolio. Initial deposits are not invested until your advisor approves your portfolio.

7. Can outside retirement accounts or 401(k)s be rolled over into an Institutional Intelligent Portfolios account?

Yes, although a rollover of retirement plan assets to an individual retirement account (IRA) is not your only option. Carefully consider all of your available options, which may include but are not limited to keeping your assets in your former employer's plan, rolling over assets to a new employer's plan, or taking a cash distribution (taxes and possible withdrawal penalties may apply). Prior to making a decision, be sure to understand the benefits and limitations of your available options and consider such factors as differences in investment-related expenses, plan or account fees, available investment options, distribution options, legal and creditor protections, the availability of loan provisions, tax treatment, and other concerns specific to your individual circumstances.

To roll over an old 401(k), choose **Rollover IRA** as the account type and, when you get to the funding method step, choose **Transfer from an outside retirement account**.

Next, call your advisor for assistance with the details.

Finally, you or your advisor should contact your former employer's plan administrator to request a direct rollover of your plan assets.

Your advisor will work with you to:

- Complete any forms required by your former employer
- Decide how you want your retirement assets distributed
- Ask your former employer to deposit your funds directly into your Institutional Intelligent Portfolios rollover IRA via check or wire transfer

To prevent the funds from being taxed, the check should be made payable to: Charles Schwab & Co., Inc., FBO [your name].

For an easy deposit, give your former employer your Institutional Intelligent Portfolios Rollover IRA account number and ask that it be included on the check.

Instruct your former employer or plan administrator to mail the check to: Charles Schwab & Co., Inc., P.O. Box 628291, Orlando, FL 32862-8291.



8. Can cash and deposits be transferred into an Institutional Intelligent Portfolios account from an IRA outside of Schwab?

Yes. To transfer a Roth, traditional, or previous rollover IRA from another financial services provider, choose either **Roth IRA** or **Traditional IRA** as the account type (depending on your individual needs) and, when you get to the funding method step, choose **Transfer from an outside retirement account**.

Next, call your advisor for assistance with the details.

Finally, you or your advisor should contact your custodian to request that your IRA assets be transferred directly to your Institutional Intelligent Portfolios IRA via check or wire transfer.

To prevent the funds from being taxed, the check should be made payable to: Charles Schwab & Co., Inc., FBO [your name].

For an easy deposit, give the custodian your Institutional Intelligent Portfolios IRA account number and ask that it be included on the check.

Instruct your custodian to mail the check to: Charles Schwab & Co., Inc., P.O. Box 628291, Orlando, FL 32862-8291.

9. How can I add beneficiaries to my Institutional Intelligent Portfolios IRA?

IRA beneficiaries do not automatically transfer from any other Schwab IRA to an Institutional Intelligent Portfolios IRA. You need to designate beneficiaries when opening the account at schwaballiance.com. A form is available on the [Institutional Intelligent Portfolios website](#) under the Legal and Account Forms tab.

10. How can Institutional Intelligent Portfolios accounts be closed?

Accounts may be closed by completing an Institutional Intelligent Portfolios [account closure form](#).

About my account

11. Can I make withdrawals from an Institutional Intelligent Portfolios account?

Yes. You can withdraw cash from the account at any time: Log in to your Institutional Intelligent Portfolios account at institutionalintelligent.schwab.com and request a transfer to another brokerage or bank account at Schwab or to another institution. Unless the withdrawal request exceeds the cash allocation in the portfolio your advisor has selected, the funds are made available immediately. If the withdrawal requires the sale of funds to provide the requested cash, the availability of the cash is delayed until the sale transactions have settled. If your portfolio has drifted from its target profile after the withdrawal, it is rebalanced to its target asset allocation, which could constitute a taxable event.

12. What is rebalancing?

Every portfolio has a target asset allocation that has been determined by your advisor. Over time, however, contributions, withdrawals, gains, and losses can cause your portfolio to stray from the original target and become unbalanced. The solution is rebalancing—periodically buying or selling assets to restore your portfolio to its target allocations. Institutional Intelligent Portfolios rebalances automatically, thanks to an algorithm that adjusts your account when an asset class shifts a certain amount above or below the target range set by your advisor.



13. How does rebalancing work?

On a daily basis, the Institutional Intelligent Portfolios algorithm checks to determine if asset class percentages remain within a prescribed drift tolerance.

If an asset class has drifted above its target allocation by a sufficient amount, the asset class is sold to bring it back to the target allocation set by your advisor. The cash received from the sale is allocated to the asset classes that are underweight.

If an asset class has drifted below its target allocation by a sufficient amount, additional shares of the asset class are bought to bring it up to the target allocation set by your advisor: Overweight asset classes are sold down until there is enough cash to make the purchase. There must be a minimum balance of \$5,000 in each account for rebalancing to take place.

Wash sales. Wash sales occur when a client sells a security at a loss and the client, their spouse, or one of their IRAs buys the same or a “substantially identical” security within 30 calendar days before or after the sale.

When a wash sale occurs, the loss is typically disallowed or deferred for federal income tax purposes. The wash sale rule is designed to prevent taxpayers from claiming deductible losses on securities if they acquire a “substantially identical” position in that security within 30 days before or after the sale.

Institutional Intelligent Portfolios features logic specifically designed to avoid generating a wash sale. Clients should understand that if changes are made to a portfolio, positions subject to wash sale avoidance rules may not reach their target allocation for up to 30 days.

Tax-loss harvesting. Tax-loss harvesting is the process of selling a security at a loss and using the proceeds to purchase a similar but not “substantially identical” security. The tax-loss harvesting process allows client portfolios to retain a similar market exposure while generating tax deductions for federal income tax purposes that can be used to offset recognized realized capital gains and up to \$3,000 of ordinary income per year.

Automated tax-loss harvesting can be enabled on Institutional Intelligent Portfolios accounts with at least \$50,000.

Accessing my account

14. Can an advisor link to my retail Schwab Intelligent Portfolios® account?

No. Advisors cannot link to your Schwab Intelligent Portfolios account. To link to an advisor, you would need to close your Schwab Intelligent Portfolios account and open a new Institutional Intelligent Portfolios account.

Client agreements for Institutional Intelligent Portfolios are different from standard brokerage agreements and Schwab Intelligent Portfolios agreements. To enroll in a portfolio designed by your advisor and agree to terms for Institutional Intelligent Portfolios, use the online account open process.

15. What can I do on the Schwab Alliance website with Institutional Intelligent Portfolios accounts?

On Schwab Alliance, you can view account information—balances, positions, transactions, and statements. Transfers to an external account can be done using Schwab MoneyLink, so long as the requested amount does not exceed the current cash balance. If you need to transfer an amount greater than the current cash balance, you must log into the [Institutional Intelligent Portfolios website](#).

Certain tasks associated with Institutional Intelligent Portfolios cannot be done on Schwab Alliance. You cannot trade, edit dividend reinvestment or capital gains instructions, or initiate checks and wire transfers. Wire transfers can be initiated via the client portal.



16. Is there single sign-on from Schwab Alliance to the Institutional Intelligent Portfolios website?

Yes. Institutional Intelligent Portfolios and Schwab Alliance share credentials. From the Schwab Alliance Account Summary page, you can click **Access Institutional Intelligent Portfolios site**, which takes you to the separate website. You are not required to reenter your user ID or password to access the Institutional Intelligent Portfolios website.

Pricing

17. What roles does Schwab have in Institutional Intelligent Portfolios?

Schwab and its affiliates have several roles in Institutional Intelligent Portfolios:

- A broker-dealer registered with the U.S. Securities and Exchange Commission, Schwab acts as the qualified custodian and provides trade execution and related services for Institutional Intelligent Portfolios accounts.
- Schwab Performance Technologies® is an affiliate of Schwab and Charles Schwab Bank®, SSB (Schwab Bank). It licenses the Institutional Intelligent Portfolios platform, which provides technology and related trading and account management services to independent investment advisors. Using the Institutional Intelligent Portfolios platform, advisors create their own automated investment management program through which they offer clients custom investment portfolios held in a single brokerage account at Schwab.
- Schwab Bank is a federal savings bank, a depository institution insured by the Federal Deposit Insurance Corporation (FDIC), and an affiliate of Schwab Performance Technologies and Schwab. A required feature of the Institutional Intelligent Portfolios platform is the establishment of deposit accounts at Schwab Bank under the Schwab Intelligent Portfolios Sweep Program (Sweep Program). The Sweep Program automatically deposits, or “sweeps,” free credit balances to deposit accounts at Schwab Bank.

18. How is Schwab compensated for its various roles in Institutional Intelligent Portfolios?

Schwab does not charge brokerage clients a fee for having an account on the Institutional Intelligent Portfolios platform, but Institutional Intelligent Portfolios is not free of charge. Schwab and its affiliates receive revenue from the following sources, which affects the performance of Institutional Intelligent Portfolios accounts:

- Institutional Intelligent Portfolios requires a minimum 4% cash allocation for each investment strategy. Schwab Bank earns revenue from the cash allocation, which is placed in an FDIC-insured deposit account at Schwab Bank. The higher the cash allocation and the lower the interest rate paid to clients, the more Schwab Bank earns.
- Each ETF and mutual fund, including Schwab ETFs® and mutual funds, pays investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses, as set forth in the fund’s prospectus. These fees and expenses are ultimately borne by fund shareholders. Therefore, Charles Schwab Investment Management, Inc., a Schwab affiliate, earns investment advisory and/or administrative service fees (or unitary fees) from Schwab ETFs, Schwab Funds®, and Laudus Funds® that are held in Institutional Intelligent Portfolios accounts.
- Schwab receives fees from mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) for services Schwab provides.
- Schwab receives remuneration, such as liquidity or order flow rebates, from market venues to which orders are routed. Schwab also pays fees for execution of certain orders.



Institutional Intelligent Portfolios® (“IIP”) is a technology and service platform made available by Schwab Performance Technologies® (“SPT”) to independent investment advisors (“Advisors”) who maintain a business relationship with Schwab Advisor Services™, a division of Charles Schwab & Co., Inc. (“Schwab”). IIP is used by Advisors to provide their clients with an automated investment management service. Schwab, a registered broker-dealer and Member SIPC, provides custody, trading, and support services. Brokerage products, including the Schwab One® brokerage account, are offered by Schwab. SPT and Schwab are separate companies affiliated as subsidiaries of The Charles Schwab Corporation, but their products and services are independent of each other. Your relationship is solely with your Advisor and not with SPT.

Charles Schwab & Co., Inc. and Charles Schwab Bank®, SSB (“Schwab Bank”) are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Deposit and lending products are offered by Schwab Bank, Member FDIC and an Equal Housing Lender. Schwab Advisor Services serves independent investment advisors and includes the custody, trading, and support services of Charles Schwab & Co., Inc., Member SIPC.

The cash allocation in Institutional Intelligent Portfolios is accomplished through enrollment in the Schwab Intelligent Portfolios® Sweep Program (“Sweep Program”), sponsored by Schwab. By enrolling in Institutional Intelligent Portfolios, clients consent to having the free credit balances in their IIP brokerage accounts swept into deposit accounts at Schwab Bank through the Sweep Program. Schwab Bank is an FDIC-insured depository institution affiliated with SPT and Schwab. Cash balances held in the Sweep Program at Schwab Bank are eligible for FDIC insurance up to allowable limits.

Funds deposited at Schwab Bank are FDIC-insured, in aggregate, up to \$250,000 based on account ownership type.

Accounts must maintain a minimum balance of \$5,000 to be eligible for automatic rebalancing.

Diversification, automatic investing, and rebalancing strategies do not ensure a profit and do not protect against losses in declining markets.

Schwab affiliates earn revenue from the underlying assets in Institutional Intelligent Portfolios accounts. This revenue comes from managing Schwab ETFs and Schwab Funds and providing services related to certain third-party funds that can be selected for the portfolios and from the cash feature on the accounts. Revenue may also be received from the market centers where fund trade orders are routed for execution.

Charles Schwab Investment Management, Inc. (“CSIM”), is the investment advisor for Schwab Funds, Laudus Funds, and Schwab ETFs. Schwab Funds and Laudus Funds are distributed by Schwab. Schwab ETFs are distributed by SEI Investments Distribution Co. (“SIDCO”). CSIM and Schwab are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation and are not affiliated with SIDCO.

Schwab receives remuneration from fund companies in the Mutual Fund OneSource® program for recordkeeping, shareholder services, and other administrative services.

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

Please contact your Advisor directly for a copy of its disclosure brochure and privacy policy.

Institutional Intelligent Portfolios is a technology and service platform provided to your Advisor by SPT and used by your Advisor to provide its clients with an automated investment management service. Charles Schwab & Co., Inc. (“CS&Co”), a registered broker-dealer and Member SIPC, provides custody, trading, and support services.

The Sweep Program is offered by Schwab Bank, Member FDIC and an Equal Housing Lender.

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