

charles SCHWAB



March 30, 2012

Charles Schwab & Co., Inc. Disclosure Brochure for the GuidedSavingsSM Advice Solution and the Morningstar[®] Retirement ManagerSM Advice Solution

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This third-party retirement plan investment advice brochure provides information about the qualifications and business practices of Charles Schwab & Co., Inc. ("Schwab"). If you have any questions about the contents of this brochure, please contact us at the phone number above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Schwab's description of itself in this brochure as a registered investment advisor does not imply a certain level of skill or training on the part of Schwab or its representatives.

Additional information about Schwab is also available on the SEC's website at www.adviserinfo.sec.gov.

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Advisory Business

Charles Schwab & Co., Inc. ("Schwab") is a wholly owned subsidiary of The Charles Schwab Corporation ("CSCorp"), a Delaware corporation that is publicly traded and listed on the NYSE (symbol: SCHW). Schwab has been registered as an investment advisor since July 24, 1987.

Schwab facilitates the delivery of third-party investment advice to participants of defined contribution plans and certain nonqualified plans, serviced by Schwab's affiliates Schwab Retirement Plan Services, Inc. ("SRPS") and Schwab Retirement Plan Services Company ("SRPSC"). Plans serviced by SRPS receive this advice through the GuidedSavingsSM service ("GuidedSavings"), and plans serviced by SRPSC receive advice through the Morningstar[®] Retirement ManagerSM service. GuidedSavings and Morningstar Retirement Manager are made available solely at the discretion of plan sponsors. GuidedSavings and Morningstar Retirement Manager are each referred to as a "Service" and are collectively referred to as the "Services" in this brochure. GuidedChoice Asset Management, Inc. ("GuidedChoice") is the investment advisor for GuidedSavings, and Morningstar Associates, LLC ("Morningstar") is the investment advisor for Morningstar Retirement Manager. GuidedChoice[®] and Morningstar are collectively referred to as the "Providers." GuidedChoice and Morningstar are independent investment advisers not affiliated with or employed by Schwab or one another. More information about the investment advisory services provided by GuidedChoice and Morningstar is available in their respective Form ADV Part 2 brochures.

Based on information collected about a plan participant's assets, investing needs, goals and time horizon, the Provider presents the participant with a recommended allocation selected from among the mutual funds and collective trust funds ("Funds") available through the participant's retirement plan (each, a "Portfolio"). The participant may accept or reject the Portfolio, with the option of changing their investment profile and receiving a new recommendation or choosing not to utilize the Service. If the participant accepts the Portfolio, the Provider will instruct Schwab to place the trades necessary to effect that Portfolio.

With respect to the GuidedSavings service, GuidedChoice will instruct Schwab to place trades, no less than annually, as necessary both to maintain the initial Portfolio and to reflect periodic changes in the Funds. This rebalancing occurs with notice to participants. Participants may opt out of reallocation by contacting Schwab, but by doing so they will be terminating their participation in the Service.

Schwab's non-advisory role within the Services is limited to the following:

- Schwab and its Advice Consultants ("Facilitators") may introduce you or your plan sponsor to the Service;
- Schwab's Facilitators may assist you in answering questions related to the Service; and
- Schwab's Facilitators may help you access the Service and resulting advice.

Schwab also may act as an agent of SRPS or SRPSC for the purpose of providing certain administrative services related to the Services.

In facilitating participant access to the Services, Schwab and its affiliates do not provide individualized advice or recommendations with regard to the purchase or sale of particular Funds or the selection of Portfolios. Schwab does not review the content of, and is not responsible for, the advice or recommendations provided by the Providers or the results or your use of the Services. Schwab and its affiliates do not supervise, nor do they monitor the advice provided by, GuidedChoice or Morningstar. It is your responsibility to monitor the advice you receive through the Service utilized for your plan and to review the investment performance of your account.

Schwab will act solely as a broker-dealer, and not as an investment advisor, with respect to trades placed to effect Portfolios recommended through the Services. Schwab is not an "investment manager" and we do not provide "investment advice" within the meaning of the Employee Retirement Income Security Act of 1974, as amended, with respect to your plan or your retirement account as a result of making the Services available. A fiduciary of the plan, independent of Schwab, is responsible for selecting and monitoring the investment options available to you under your plan unless you are participating in a plan sponsored by Schwab or one of its affiliates, in which case Schwab or one of its affiliates may be responsible for selecting and monitoring investment options available to you under the plan. Schwab will not render any advice to you as to the value of, or the advisability of, investing in securities or other property on a regular basis pursuant to an arrangement or understanding that such advice shall serve as a primary basis for investment decisions for your account.

Schwab does not review, change or otherwise affect the development, maintenance or application of the Providers' methodologies or procedures, and does not undertake any duty to screen or monitor the investment performance of your accounts or to supervise any services provided to you by the Providers. In addition, Schwab does not prepare, verify or endorse information or materials prepared or distributed by the Providers.

You may terminate your use of the Services at any time by selecting the opt-out option on the respective Provider's website or by calling Schwab at 1-877-285-4929 for GuidedSavings or 1-866-441-4015 for Morningstar Retirement Manager.

Fees and Compensation

Schwab pays a fee to each of the Providers for making the Services available to plan participants.

GuidedSavings Service

The fee paid by Schwab to GuidedChoice is based on the number of participants who may access the GuidedSavings Service and will not exceed 5% of the annual gross income of GuidedChoice (or an independent expert appointed by GuidedChoice). These fees are not affected by participant investment decisions or investments made in accordance with any Portfolio.

Schwab does not charge an additional fee for the Service. Your employer has entered into a services agreement ("Services Agreement") with SRPS under which SRPS (or Schwab) has agreed that it and/or its affiliates will provide certain recordkeeping and trustee/custodial services to your plan for a fee. As part of these services, SRPS also offers access to participant advice provided by GuidedChoice. The Service is optional and made available

entirely at the election of your plan's sponsor, and no additional fee is charged to you or to your employer for the use of the service.

Morningstar® Retirement ManagerSM Service

The fee paid by Schwab to Morningstar is a flat annual service fee. These fees are not affected by participant investment decisions or investments made in accordance with any Portfolio.

Schwab does not charge an additional fee for the Service. Your employer has entered into a recordkeeping services agreement ("Agreement") with SRPSC, under which SRPSC (or Schwab) has agreed that it and/or its affiliates will provide certain recordkeeping and trustee/custodial services to your plan for a fee. As part of these services, SRPSC also offers access to participant advice provided by Morningstar. The Service is an optional service made available at the election of your employer, and no additional fee is charged to you or to your employer for the use of the Service.

Facilitators provide information about and access to the Services to retirement plan participants of retirement plans serviced by SRPS and SRPSC. Facilitators may also provide other services, which may include one-on-one consultations, evaluation of investments, Portfolio/asset allocation, and discussion of financial goals with respect to other assets held outside of retirement plans.

Facilitators receive a base salary and are eligible to earn a bonus, which is funded based on the company's performance. Individual bonus payments are at the discretion of the Facilitator's manager and may be based on the quality of representatives' interactions with clients, utilization of advice, and business development opportunities.

Performance-Based Fees and Side-By-Side Management

Schwab does not receive performance-based fees in connection with the Services.

Types of Clients

The Services are available to participants of defined contribution plans and certain nonqualified plans. Your plan's sponsor has made the decision to utilize the Services for its plan and the Services are made available to all participants in the plan as an optional service.

Participants who maintain self-directed brokerage accounts through their plan may choose to receive the Services if their employer has chosen to make them available. The Services will take into consideration the assets in your self-directed brokerage account for purposes of analyzing the likelihood that you will reach your retirement goals. Any assets in your self-directed brokerage account that are not recognized (tracked) by the Services will be treated as cash for this purpose. Please note, however, that the recommendations provided through the Services do not include specific investment recommendations about self-directed brokerage account holdings. The advice recommendations made through the Services are limited to the Funds available to you through your plan.

Methods of Analysis, Investment Strategies and Risk of Loss

Schwab does not formulate investment recommendations or manage assets in connection with the Services.

Disciplinary Information

The SEC and other regulatory agencies and organizations have taken certain disciplinary actions against Schwab for violations of investment-related statutes, regulations, and rules. The matters have been settled, and Schwab has paid fines with respect to certain violations.

1. Schwab entered into a consent order with the State of Nevada on November 2, 2011, in which Schwab was fined \$10,000 for failing to detect the lack of Nevada state registration of a non-employee investment advisor. Schwab was found to have violated its own procedures and Nevada Administrative Code Section 90.321 for failing to determine that the non-employee was acting as a professional investment advisor at the time the accounts were set up or during the course of his management of the accounts at issue.
2. A disciplinary action initiated by the Financial Industry Regulatory Authority ("FINRA") asserted that Schwab violated Municipal Securities Rulemaking Board Rule G-14 by: (1) failing to report required information about certain municipal securities transactions to the Real-Time Transaction Reporting System ("RTRS") within 15 minutes of trade time; and (2) failing to report the correct trade execution time to the RTRS for some of these transactions. Without admitting or denying these assertions, Schwab consented to a censure and a fine of \$12,500 on June 17, 2011.
3. In January 2011, Schwab and its affiliate CSIM (together, for purposes of this disclosure, "Schwab") reached agreements with the SEC, FINRA, the Illinois Secretary of State, Securities Department ("Illinois"), and the Connecticut Department of Banking, Securities and Business Investments Division ("Connecticut") to settle matters related to the Schwab YieldPlus Fund® (the "Fund").

As part of the SEC settlement, the SEC found that Schwab violated certain investment-related laws and regulations related to the offer, sale and management of the Fund from 2005 through 2008. In particular, the SEC found that Schwab: (1) deviated from the Fund's concentration policy with respect to investments in non-agency mortgage-backed securities, without shareholder approval; (2) made materially misleading statements and omissions about the Fund and its associated risks before and during the decline of its net asset value ("NAV"); (3) materially understated the Fund weighted average maturity ("WAM"); (4) willfully aided and abetted misstatements and omissions appearing in Fund sales materials and other documents; and (5) lacked policies and procedures reasonably designed to prevent the misuse of material nonpublic information about the Fund. Without admitting or denying these allegations, Schwab agreed to pay a total of approximately \$118,944,996 in disgorgement of fees and penalties. As part of the settlement with the SEC, Schwab will also take a number of actions to improve procedures and reinforce Schwab's commitment to its clients. These actions include retaining an independent consultant to conduct a comprehensive review of Schwab's policies, practices and procedures designed to prevent the misuse of material nonpublic information by or related to Schwab's mutual funds. The SEC settlement was approved by the United States District Court for the Northern District of California on February 16, 2011. Additionally, the SEC has brought related complaints against two former employees of Schwab.

The amount to be paid by Schwab pursuant to the SEC settlement includes approximately \$18,000,000 to be paid by Schwab in settlement of the FINRA matter in which FINRA made related

factual allegations against Schwab and found that Schwab's conduct violated FINRA's just and equitable principles of trade and its rules pertaining to communications with the public and supervision.

Schwab has also agreed to pay approximately \$8,567,364 in settlement of the Illinois matter in which Illinois made related factual allegations against Schwab and found that Schwab's conduct violated Illinois Securities Law provisions relating to supervision of securities and advisory activity by employees and to maintenance of written procedures reasonably designed to comply with securities laws and regulations.

Schwab has also agreed to pay an amount not to exceed approximately \$2,800,000 in settlement of the Connecticut matter in which Connecticut made related factual allegations against Schwab and found that Schwab violated applicable Connecticut laws and regulations by failing to reasonably supervise its employees.

Schwab and certain affiliated entities and individuals (the "Schwab Parties") were named as defendants in a number of Fund-related class action lawsuits filed in the United States District Court for the Northern District of California in 2008. These lawsuits were consolidated into a single class-action complaint that alleged violations of state law and federal securities law similar to those described above. On March 30, 2010, the court granted plaintiffs' motion for summary judgment holding defendants liable for plaintiffs' state law claim regarding changes to the investment policy of the Fund, which plaintiffs alleged were made without shareholder approval in violation of the Investment Company Act of 1940. Although the judgment was subject to a potential appeal and further proceedings on damages, the Schwab Parties entered into a settlement agreement to settle the plaintiffs' federal securities law claims for approximately \$202,700,000 and the plaintiffs' California law claims for approximately \$35,000,000. On April 19, 2011, the court entered an order granting plaintiffs' and defendants' motions for final approval of the settlement agreements.

4. A disciplinary action initiated by the New York Stock Exchange ("NYSE") asserted that Schwab: (a) submitted inaccurate electronic blue sheets in violation of NYSE Rules 410A and 401; and (b) failed to properly supervise the preparation of its electronic blue sheets in violation of NYSE Rule 342. Effective January 5, 2006, the NYSE approved a stipulation of facts and consent to penalty ("Stipulation") between Schwab and the NYSE Division of Enforcement. Without admitting or denying guilt, Schwab consented to the Stipulation that it violated the foregoing rules and regulations. As part of the Stipulation, Schwab consented to a censure and a fine of \$300,000. Schwab also agreed to conduct a validation of all required blue-sheet data elements and notify the NYSE in writing that it has completed the validation.
5. A disciplinary action initiated by the NYSE asserted that Schwab: (a) violated NYSE Rules 342(a) and (b) in that Schwab failed to establish and maintain appropriate procedures for supervision and control, including a separate system of follow-up and review, with respect to certain business activities relating to protection of customer assets in accounts managed by non-employee investment advisors and carried by Schwab; and (b) violated Section 17(A) of the Securities Exchange Act of 1934 and Rules 17A-4(b) (4) and 17A-4(f) thereunder and NYSE Rule 440 by failing to preserve and maintain certain electronic communications in the required format and for the required retention periods. Effective

October 17, 2005, the NYSE approved a stipulation of facts and consent to penalty ("Stipulation") between Schwab and the NYSE Division of Enforcement. Without admitting or denying guilt, Schwab consented to the Stipulation that it violated the foregoing rules and regulations. As part of the Stipulation, Schwab consented to a censure and a fine of \$1 million. Schwab also undertook: (a) to retain an outside consultant to conduct a review of its policies and procedures with respect to the disbursement of funds from accounts managed by investment advisors; (b) to have the consultant provide a report to the NYSE's Division of Enforcement within 120 days of the date the decision becomes final; and (c) to submit to the NYSE a written representation setting forth the implementation of the recommendations contained in the consultant's report within 60 days of the report's issuance.

6. On September 14, 2004, the SEC issued an order instituting public administrative and cease-and-desist proceedings pursuant to Sections 15(b) and 21B of the Securities Exchange Act of 1934 ("Exchange Act") and Sections 9(b) and 9(f) of the Investment Company Act of 1940 ("Investment Company Act"), making findings, imposing remedial sanctions and issuing a cease-and-desist order as to Schwab ("Order"). Schwab consented to entry of the Order without admitting or denying the SEC's findings made in the Order. The SEC found that from at least January 2001 through October 2003, Schwab engaged in a practice that enabled certain mutual fund shareholders to place mutual fund orders after the time the funds calculated their net asset value ("NAV") for that day. Specifically, Schwab allowed clients of investment advisors to place substitute mutual fund orders after 4:00 p.m. Eastern Time ("ET"), the time as of which those funds calculated their NAV. The order substitutions were permitted when one of these clients' original pre-4:00 p.m. ET mutual fund orders was rejected by Schwab's computer system because it could not be processed as submitted. The SEC found that this practice violated Rule 22c-1(a) under the Investment Company Act and Schwab's own internal policy requiring any orders Schwab received after 4:00 p.m. ET to get the next day's fund price. These substitute orders were not made pursuant to any improper agreements between Schwab personnel and the investment advisor or the investment advisor's clients. The SEC imposed on Schwab the following sanctions: (1) that Schwab cease and desist from committing or causing any violations and any future violations of Rule 22c-1(a) under the Investment Company Act; (2) censure of Schwab; and (3) imposition of a civil money penalty in the amount of \$350,000.
7. A disciplinary action initiated by the NYSE asserted that during the time period between approximately February 1997 and September 2003, Schwab: (a) violated NYSE Rule 346(f) by having persons associated with it without permission of the NYSE that Schwab knew, or through the exercise of reasonable care should have known, were subject to statutory disqualification; (b) violated NYSE Rule 351(a)(5) by failing to promptly report to the NYSE certain arrests, arraignments, indictments, convictions, guilty pleas and/or contest pleas to criminal offenses, other than minor traffic violations, of employees; (c) violated NYSE Rule 342 by failing to reasonably supervise its business in order to ensure compliance with federal securities laws and NYSE rules relating to associations with statutorily disqualified individuals and reporting to the NYSE of events related to employee criminal matters. Effective July 8, 2004, the NYSE approved a stipulation of facts and consent to penalty ("Stipulation") between Schwab and the NYSE Division of Enforcement. Without admitting or denying guilt,

Schwab consented to the Stipulation that it violated NYSE rules. As part of the Stipulation, Schwab agreed to censure and a fine of \$250,000. Schwab also agreed to: (a) retain an outside consultant within 30 days of the decision to perform a review and prepare a report; (b) have the consultant provide a report to the NYSE's Division of Enforcement and Schwab's Board of Directors within 120 days from the date the decision becomes final; and (c) submit to the NYSE a written representation setting forth the implementation of the recommendations contained in the report within 60 days of the report's issuance.

8. A disciplinary action initiated by the National Association of Securities Dealers ("NASD") asserted that: (a) during the period August 14, 2002, through March 25, 2003, Schwab violated Municipal Securities Rule Making Board Rules G-17 and G-30(a) when it relied solely on the bids provided by a broker's broker to determine the fair market value in the liquidation of six municipal security positions for customers; (b) the prices paid to the customers and received by Schwab were below the fair market value for the security in amounts ranging from 6.57% to 38.57%; and (c) Schwab failed to ensure that the transactions were executed at aggregate prices that were fair and reasonable. Effective June 28, 2004, the NASD approved a letter of acceptance, waiver and consent ("AWC") from Schwab. Without admitting or denying guilt, Schwab agreed to censure and a fine of \$30,000 and was required to pay \$30,869.25 plus interest in restitution to the customers. Schwab agreed to provide a copy of its updated written supervisory procedures as they relate to the determination of the fair market value of municipal securities being bought or sold from a public customer to the NASD within 90 days of the acceptance of the AWC.

Other Financial Industry Activities and Affiliations

Schwab is registered as a broker-dealer under the Securities Exchange Act of 1934 and is a member of FINRA. We provide brokerage services to clients located throughout the United States and in some circumstances outside the United States. Incidental to our broker-dealer business, we offer our clients a variety of investment information services and products, including seminars, periodicals, reports, guides, planning tools, brochures and other publications about securities and investment techniques. We also provide certain online data and financial reporting services.

Schwab is also registered as an investment advisor under the Investment Advisers Act of 1940. In addition to the Services, Schwab provides other investment advisory services. The Schwab Private Client™ ("SPC") service is a nondiscretionary wrap fee program sponsored by Schwab in which clients receive periodic, ongoing advice from representatives of Schwab's investment advisor affiliate, Schwab Private Client Investment Advisory, Inc. Other programs in which Schwab acts as a registered investment advisor include the Schwab Managed Portfolios™ ("SMP") and Schwab Managed Account Services™ ("MAS") wrap fee programs sponsored by Schwab and the financial planning services provided through the Schwab Personal Financial Plan™, Schwab Retirement Consultation, and Schwab Equity Compensation Consultation.

Schwab does not trade futures and is not a futures commission merchant. However, for our customers that have a desire to trade futures, we have a referral relationship with a company not affiliated with Schwab. Per the terms of the referral relationship, Schwab receives a portion of the commissions that Schwab clients pay that company.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Schwab has a code of ethics adopted pursuant to SEC Rule 204A-1 under the Investment Advisers Act of 1940 (the "Code"). The Code reflects the fiduciary principles that govern the conduct of Schwab and its employees when we are acting as an investment advisor—such as when we deliver investment advice in the SPC service. The Code requires that Schwab's covered employees—including Facilitators—comply with applicable federal securities laws, report violations of the Code and, for those deemed "access persons" by virtue of providing investment advice or having access to certain related information, report their personal transactions and holdings in certain securities periodically and get clearance before buying certain securities, including initial public offerings or private offerings. The Code prohibits access persons from disclosing portfolio transactions or any other nonpublic information to anyone outside of Schwab, except as required to effect securities transactions for clients, or from using the information for personal profit or to cause others to profit. Access persons are also prohibited from engaging in deceptive conduct in connection with the purchase or sale of securities for client accounts. The Code is subject to change as necessary to remain current with regulatory requirements and internal business policies and procedures. A copy of the Code is available upon request.

Participation or Interest in Client Transactions

As noted in "Advisory Business" beginning on page 1, Schwab does not recommend purchasing or selling securities pursuant to the Services. The investment options offered through your plan and included in the Portfolios recommended by the Providers may include affiliated Funds for which Schwab and its affiliates receive compensation for shareholder servicing, investment advisory, recordkeeping administration, transfer agency, and other services ("Affiliated Funds"). The remuneration Schwab receives for the shareholder servicing generally is calculated based on the daily aggregate net asset value of certain shares held in Schwab's customers' accounts.

As transfer agent and as shareholder servicing agent, Schwab reports share ownership, sales and dividend activity (and associated tax consequences); responds to daily inquiries; and facilitates cash management for certain Funds' shareholders by automatic sweeping of funds from and to such shareholders' brokerage accounts with Schwab. Schwab also provides office space and equipment, telephone facilities, personnel and literature distribution as is necessary or appropriate for providing information and services to the Funds' shareholders. Schwab receives no compensation as principal underwriter of the Funds; as transfer agent and shareholder servicing agent, Schwab generally receives annual fees, payable monthly, based on a percentage of each Fund's average daily net assets. In addition, Charles Schwab Investment Management, Inc. ("CSIM") acts as investment adviser and provides accounting and recordkeeping, expense management and other administrative services to the Funds. CSIM receives an annual fee, payable monthly, based on a percentage of each Fund's average daily net assets. The Affiliated Funds made available to participants also may include collective trust funds for which Charles Schwab Bank serves as trustee and receives associated compensation.

Plan investment options may also include third-party Funds ("Non-Affiliated Funds") for which Schwab and its affiliates receive admin-

istrative, distribution and/or shareholder servicing fees. The compensation paid to Schwab and its affiliates is calculated based on the aggregate net asset value of Non-Affiliated Fund shares held in customer (including participant) accounts and is subject to change from time to time.

The fees and expenses described above are paid by the mutual funds and collective trust funds, but are ultimately borne by you as a shareholder or investor in those Funds. Schwab may pay a portion of the compensation described above to its affiliates, including Schwab Bank and the recordkeeping affiliate providing services for your retirement plan (either SRPS or SRPSC), which use a portion of the compensation received to cover custody, trustee and recordkeeping fees that would otherwise be charged to the plans by Schwab Bank and either SRPS or SRPSC. Trade orders for the Funds are routed to Schwab for handling and execution by the Business Trust Division of Schwab Bank, which provides trust or custodial services to your plan. As compensation for the services provided to your plan, Schwab Bank may retain credit, interest or other earnings on aggregate cash balances (collectively, "float") held on deposit at Schwab Bank or any third-party bank or other financial institution to facilitate plan investments or distributions. Schwab Bank also may receive other compensation as agreed upon with your plan sponsor.

Schwab does not select the Portfolios and has no discretion or authority to trade in plan accounts. Your plan sponsor determines the Funds available in your plan, which may include both Affiliated Funds and Non-Affiliated Funds. The Providers, in turn, must select Funds for the Portfolios from among those made available by your plan sponsor. The Funds made available by your plan sponsor will thus influence the compensation received by Schwab from the Funds for shareholder servicing and/or distribution fees and other services. The Funds chosen by the plan sponsor may also affect the amount the plan sponsor pays to Schwab for plan recordkeeping and related services. For example, by selecting fewer Affiliated Funds or Non-Affiliated Funds that participate in the Schwab Mutual Fund OneSource® service—thus reducing Schwab's compensation from the Funds in the Portfolios—the plan sponsor may pay higher fees to Schwab for plan recordkeeping and related services provided to the plan.

Addressing Potential Conflicts

Schwab's limited role in the Services mitigates the potential conflict of interest that results from the compensation described above. By not taking discretion over plan accounts participating in the Services, and by having no authority to determine the composition of any Portfolio or the Funds selected by the plan sponsor for the plan, Schwab also lacks the ability to influence its compensation with respect to any particular Portfolio, plan or participant.

Personal Trading

Although Schwab does not recommend buying or selling particular securities as part of the Services, Schwab nevertheless monitors the personal securities holdings and trading of its employees. Schwab reviews employee accounts custodied at Schwab and applicable accounts custodied at other firms. The surveillance program monitors holdings and trades against the Code, Schwab's Compliance Manual, and other applicable policies. Additionally, Schwab representatives must disclose all securities accounts they own or control after their hire date and must review and confirm the accuracy of those accounts on an annual basis during their employment.

Brokerage Practices

Schwab does not select or recommend broker-dealers as part of the Services. As noted in "Participation or Interest in Client Transactions" beginning on page 4, Schwab does receive compensation as a broker-dealer for trades in your accounts that are recommended by GuidedChoice® in connection with the Service.

Review of Accounts

With respect to the GuidedSavingsSM service, in utilizing the Service, GuidedChoice provides direction to SRPS with respect to the annual rebalance when it determines it is necessary to adjust the account back to the investment Portfolio recommendation you chose to implement for your account.

With respect to the Morningstar® Retirement ManagerSM Service, in utilizing the Service, you will need to review your account after the initial interaction, and, if you determine that a rebalance or adjustment is needed to your Portfolio, you will need to reengage with the Service or otherwise make any adjustments to your account that you deem necessary.

The quarterly account statements and periodic trade confirmations received by participants in the Service from either SRPS or SRPSC reflect the trades made to effect the chosen Portfolios.

Client Referrals and Other Compensation

Schwab pays the Providers in connection with the Services, as described in "Advisory Business" beginning on page 1. Schwab receives no direct compensation from the Services, and the indirect compensation received by Schwab is described above in "Advisory Business" and "Participation or Interest in Client Transactions."

Custody

The Business Trust Division of Schwab Bank provides directed trustee or custodial services to your plan serviced by SRPS or SRPSC.

Investment Discretion


Schwab does not have or accept investment discretion over participant accounts as part of the Services.

Voting Client Securities

Schwab does not have or accept authority to vote clients' securities (i.e., proxy voting) as part of the Services.

Financial Information

Schwab does not require or solicit prepayment of fees in connection with the Services and is therefore not required to include a balance sheet for its most recent fiscal year. Schwab is not the subject of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations to its clients. Schwab is not the subject of any bankruptcy petition, nor has it been the subject of any bankruptcy petition at any time during the past ten years.

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CS16504-01 (0412-2178) REG67221 (03/12)

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March 30, 2012

**Summary of Material Changes to the
Charles Schwab & Co., Inc. Disclosure Brochure for the
GuidedSavings Advice Solution and the Morningstar
Retirement Manager Advice Solution.
(Form ADV Part 2)
Since March 31, 2011**

Introduction

Charles Schwab & Co., Inc. ("Schwab") is required under the Investment Advisers Act of 1940 (the "Advisers Act") to create and provide to clients like you disclosure brochures for the investment advisory services we make provide, including those provided through the GuidedSavings Advice Solution and the Morningstar Retirement Manager Advice Solution. The Advisers Act also requires that we update our disclosure brochures annually and provide existing clients with a summary of the material changes to the brochure(s) for their service since the date of the last annual update— in this case, March 31, 2011. This document summarizes the material changes to the Charles Schwab & Co., Inc. Disclosure Brochure for the GuidedSavings Advice Solution and the Morningstar Retirement Manager Advice Solution. If you'd like to receive a copy of the updated disclosure brochure, please call 1-877-285-4929 when calling from outside the U.S.) or email UpdatedDisclosures@schwab.com. You can also find copies of our latest disclosure brochures on the website of the United States Securities and Exchange Commission (SEC) at www.adviserinfo.sec.gov.

This brochure has undergone the following material changes since March 31, 2011.

- **Disciplinary Information.** Two new disciplinary actions were taken against Schwab: (1) a consent decree with the State of Nevada resulting in a \$10,000 fine for failing to detect that a nonemployee was acting as a professional investment advisor, without being authorized to do so under Nevada law, on certain Schwab accounts; and (2) a disciplinary action by the Financial Industry Regulatory Authority resulting in a censure and a \$12,500 fine for failing to input required information about certain municipal securities transactions into the Real-Time Transaction Reporting System.