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Schwab Financial Planning Services Disclosure Brochure

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This 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 1-800-435-4000. 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 offers various fee-based financial planning services as described in this brochure (collectively, the "Service"): the Schwab Plan Comprehensive™, the Schwab Personal Financial Plan™ (the "PFP"), and the Schwab Equity Compensation Consultation (the "ECC"). A Schwab representative who specializes in financial planning (the "Specialist") will work with you to analyze your goals and then provide a written report (the "Analysis").

At Schwab's discretion, based on the complexity of the needs, amount of enrolled assets, client preference, and other factors, some clients might be offered a Schwab Plan Comprehensive, a Schwab Personal Financial Plan, or a Schwab Equity Compensation Consultation.

These financial planning services may include analysis of certain aspects of financial planning as related to your situation, such as retirement needs, education funding, estate planning, or stock option grants, as applicable.

The PFP is a comprehensive financial planning service, with access to other specialized features, as appropriate. The PFP includes a consultation with a Specialist who will analyze your situation and provide a written analysis. The PFP covers general and complex financial planning topics as applicable to you, which may include retirement planning, including Social Security and pension analysis, portfolio allocation, estate and legacy planning, charitable giving, and education funding.

The ECC offers personalized advice on complex equity compensation, including stock option grants and related strategies. Through a detailed discovery process, the ECC helps clients review goals, risk tolerance, and concerns and provides customized guidance based on the client's situation.

For the Schwab Plan Comprehensive, Specialists use a digital planning tool and consider client answers to questions regarding financial situation, including assets and liabilities, overall goals, and risk tolerance. The planning tool provides the basis for a planning conversation with the client that may include topics as applicable to the client, such as retirement planning, savings, and estate planning.

During the enrollment process for the Schwab Plan Comprehensive, clients acknowledge and electronically consent to receive records and disclosures electronically and that agreements will be signed electronically. This includes delivery of regulatory documents such as the disclosure brochure and the disclosure brochure supplement. Each client has an obligation to maintain an accurate and up-to-date email address and to ensure that he/she has the ability to read, download, print, and retain electronic documents.

The Specialist will help you identify and prioritize your goals using information that you have provided. The Specialist will review the Analysis with you, help you prioritize your next steps, and assist you in developing an action plan. The Service suggests a general asset allocation and relevant action items, as appropriate, based on your stated risk tolerance, age, investment time horizon, and investment experience. We also incorporate sources of information provided by you in the discovery process. We rely on this information without independent verification. As such, it is your responsibility to ensure that it is accurate and complete.

The Analysis is provided on a discrete basis and at a point in time and does not involve ongoing advice. Therefore, it is important for you to monitor your personal situation and current events, such as changes in tax laws and financial markets. You should consult with your tax advisor or CPA on all tax-related matters and with your attorney on all legal matters before taking any action suggested in your Analysis or financial planning analysis generally.

Your financial plan will typically consider assets held in your Schwab brokerage or advisory accounts; however, Schwab has no discretionary

authority or responsibility with respect to your brokerage accounts discussed as part of the Analysis. Schwab does not give legal or tax advice. You should carefully consider all relevant factors before deciding how or whether to implement recommendations contained in your Analysis or financial planning analysis generally. After Schwab has presented and explained the Analysis to you, all obligations associated with the Service will end.

If you choose to implement through Schwab any or all of the recommendations based on the Service described above, Schwab may execute transactions for your account as agent or principal as described below, outside of the Service.

Fees and Compensation

Fees

Standard Service fees are as follows: \$300 for a point-in-time Schwab Plan Comprehensive; \$2,000 for the PFP; and \$2,000 for the ECC. For unique circumstances that require significantly additional or specialized financial planning, additional costs may apply and will be disclosed to the client.

Discounts or waivers may apply to certain client groups (such as employees of certain businesses and clients of certain independent investment advisors who have a business relationship with Schwab), to clients enrolled in other Schwab investment advisory services, to clients purchasing multiple versions of the Service, as a result of special promotions or marketing campaigns, or otherwise at Schwab's discretion.

Discounts may also be given to employees of Schwab and its affiliates. The fee is payable when you sign the Financial Planning Services Agreement and return it to Schwab. If you decide to cancel your participation in the Service, you should inform your Specialist within five (5) business days of signing the Financial Planning Services Agreement in order to receive a full refund. An employer, independent investment advisor, or other group may arrange to pay the Service fees on behalf of its employees, clients, or members.

Compensation

Specialists, including Financial Planners, are not compensated for recommending particular investment products or services.

Financial Planner Compensation

Financial Planners receive compensation in the form of a salary and a bonus based on factors such as corporate and individual performance.

Financial Consultant Compensation

As part of delivering the Schwab Plan Comprehensive, Financial Consultants may recommend specific Schwab-sponsored investment advisory programs to clients, as appropriate. However, Financial Consultants are not compensated for referring clients to the Schwab Plan Comprehensive, PFP, or ECC. In addition to their base salaries, Financial Consultants receive compensation for successfully navigating clients to investment advisory programs and for servicing those clients after enrollment in such programs. Schwab as a company may earn more or less revenue depending on what products and services a Financial Consultant recommends and a client chooses. Financial Consultant compensation varies by the type of program or service an account participates in. As detailed in the applicable disclosure brochure for the advisory program, Schwab has designed Financial Consultant compensation to be based on factors that include the time, complexity, and expertise necessary to understand and recommend a program and to provide ongoing service to a client enrolled in a given program.

Performance-Based Fees and Side-By-Side Management

Schwab does not receive performance-based fees in connection with the Service, and side-by-side management is not applicable.

Independent Branch Leaders

Independent Branch Leaders ("IBLs") and Independent Branch representatives ("IB representative") may refer clients to the Service for Schwab Plan Comprehensive, PFP, or ECC. IBLs may refer clients to the Schwab Plan Comprehensive or Personal Financial Plan

(collectively, “Fee-Based Financial Plans”). For any referrals made by the IBL in his/her branch, the IBL will receive a one-time payment based on the fee paid for the plan (50% of the amount paid). Go to schwab.com/representative-compensation to learn more about how we compensate our investment professionals.

Benefits to Schwab Affiliates

As a result of discussions related to the Schwab Plan Comprehensive, the PFP, or the ECC, clients may be recommended certain advisory offerings sponsored by Schwab, and enrollment in such offers would result in revenue to Schwab and its affiliates.

Conflicts of Interest and How They Are Addressed

Specialists and Schwab representatives, such as Financial Consultants, are subject to training, supervision, regulatory requirements, and internal policies and controls that are reasonably designed so that clients are recommended only to those advisory offers that are appropriate for them in light of their financial circumstances.

In addition, as detailed in the “Compensation” section above, Specialists are not compensated for recommending particular investment products or services, including any advisory offerings sponsored by Schwab.

Types of Clients

The Service is available to investors in need of in-depth, one-time personalized financial planning.

Methods of Analysis, Investment Strategies, and Risk of Loss

The methods of analysis that Schwab uses to produce the Analysis, and to inform the Specialist's discussion of the Analysis, include the creation of personal financial statements (i.e., current net worth, projected net worth statement, and Monte Carlo analysis, which is described below) based on the information you provide through statements and conversations. The accuracy of the information you provide is crucial to the usefulness of the Analysis.

The Analysis is based on the information you provide and on the static assumptions—e.g., fixed return rates and fixed life expectancies. In reality these variables will not be static—market fluctuations will affect overall asset performance, and uncertain life expectancies may cause clients to outlive their resources or fail to accumulate necessary resources.

Monte Carlo analysis is a statistical method that helps assess the effect of these risks by randomizing return rates, which helps analyze the risk of market fluctuations.

Monte Carlo analysis is a projection of the future that attempts to represent the majority of all possible outcomes under a given set of inputs, and does not represent the full universe of all possible futures. Monte Carlo analysis is not a guarantee of future outcomes.

Exercising and/or selling equity compensation may create additional tax consequences. You should consult with your tax advisor or CPA on all tax-related matters. Failure to exercise options prior to expiration may result in forfeiture of value. Equity compensation such as stock options and restricted stock is subject to market fluctuation which could lead to loss of value.

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. A disciplinary action initiated by the Financial Industry Regulatory Authority (“FINRA”) asserted that, in violation of FINRA Rules 2010 and 3310(a), Schwab failed to implement policies and procedures that were reasonably designed to detect and cause the reporting of suspicious

incoming wire transactions occurring in August 2011. Without admitting or denying the findings, Schwab consented to the described sanctions and to the entry of findings. Therefore, in December 2013, Schwab was censured, fined \$175,000, and required to conduct a comprehensive review of the adequacy of its anti-money laundering policies, systems, procedures (written or otherwise), and training with respect to detecting and reporting suspicious incoming wire transfers.

2. A disciplinary action initiated by FINRA asserted that Schwab failed on 44 occasions during the second quarter of 2011 and on 245 occasions during the first half of the 2012 review period to provide written notification disclosing to its customers a call date that was consistent with the disclosed yield to call in violation of SEC Rule 10b-10. Without admitting or denying the allegations, Schwab consented on August 23, 2013, to a censure and a monetary fine of \$12,500.

3. A disciplinary action initiated by the Chicago Board of Options Exchange (“CBOE”) alleged that Schwab: (1) violated CBOE Rule 9.21 by disseminating sales literature and failed to withhold the sales literature from circulation prior to incorporating the required changes specified by the CBOE; and (2) violated CBOE Rule 4.2 by failing to adequately supervise its associated persons to assure compliance with Rule 9.21. Without admitting or denying these allegations, Schwab consented to a censure and a monetary fine of \$10,000 on May 29, 2013.

4. In May 2013, the CBOE alleged that from approximately November 8, 2011, through approximately December 7, 2011, Schwab failed to have adequate supervisory procedures to assure compliance with the SEC Rule 14E-4 relating to partial short tender activity. The CBOE accepted Schwab's offer of settlement consisting of a \$10,000 fine and a censure. Schwab neither admitted nor denied the allegations.

5. A disciplinary action initiated by FINRA asserted that Schwab violated Municipal Securities Rulemaking Board (“MSRB”) 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 in the first and fourth quarters of 2010; and (2) failing to report the correct yield to RTRS for certain municipal securities transactions in the second quarter of 2010. Without admitting or denying these assertions, Schwab consented to a censure and a fine of \$35,000 on July 26, 2012.

6. Schwab entered into a stipulation and consent agreement with the state of Florida on March 26, 2012, in which Schwab was fined \$1,100,000 and ordered to offer restitution to certain clients for distributing trade confirmations to Florida clients between 2008 and 2011 containing inaccurate information with respect to certain municipal bond, corporate bond and preferred equity security trades, and for failing to have adequate written supervisory procedures with respect to the review of such trade confirmations, in violation of the Florida Administrative Code.

7. 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.

8. A disciplinary action initiated by 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 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.

9. In January 2011, Schwab and its affiliate Charles Schwab Investment Management, Inc. (“CSIM”) (together, for purposes of this disclosure, “Schwab”) reached agreements with the SEC, FINRA, the Illinois Secretary of State, the Illinois Securities Department (“Illinois”) and

and the Connecticut Department of Banking's 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 non-public 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 agreed to 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 non-public 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 paid by Schwab pursuant to the SEC settlement included 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 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 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. 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.

Other Financial Industry Activities and Affiliations

Schwab is primarily engaged in business as a broker-dealer, 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 and insurance. 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 Service, Schwab provides other investment advisory services. The Schwab Private Client Advisory service is offered through Schwab's affiliated registered investment advisor Schwab Private Client Investment Advisory, Inc. Other programs in which Schwab acts as a registered investment advisor include the Schwab Managed Portfolios™ ("SMP"), Managed Account Select® and Managed Account Connection® wrap fee programs sponsored by Schwab. Schwab also sponsors Schwab Intelligent Portfolios Solutions™, an investment advisory service that can include both financial planning and periodic guidance from Schwab planning consultants and discretionary portfolio management. Schwab also makes referrals to unaffiliated independent investment advisors through the Schwab Advisor Network®.

TD Ameritrade Holding Corporation is a wholly owned subsidiary of CSCorp. TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc., members FINRA and SIPC, are separate but affiliated companies and subsidiaries of TD Ameritrade Holding Corporation. TD Ameritrade, Inc. is a dual registered broker-dealer and investment advisor. TD Ameritrade Clearing, Inc. provides clearing and execution services for securities brokerage business. TD Ameritrade Investment Management, LLC, and TradeWise Advisors, Inc. are registered investment advisors. TD Ameritrade Trust Company, a non-depository trust company, provides custody, directed trustee, record-keeping, plan design support and plan administration for TD Ameritrade Retirement Plan. TD Ameritrade Futures & Forex LLC is an NFA-registered Futures Clearing Merchant and offers futures and forex trading services. TD Ameritrade Singapore Pte. Ltd. and TD Ameritrade Hong Kong Ltd. enable retail investors in Singapore and Hong Kong to trade the U.S. markets. Clients can trade stocks, ETFs, options, futures, and options on futures using the thinkorswim® trading platform.

Schwab is a Futures Commission Merchant and offers futures trading to qualified clients.

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 is intended to reflect the fiduciary principles that govern the conduct of covered representatives when they are acting in an investment advisory capacity. The Code requires that covered representatives comply with applicable federal securities laws; report violations of the Code; and, for those deemed "access persons" by virtue of their involvement in 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 private offerings. The Code prohibits access persons from disclosing portfolio transactions or any other non-public information to anyone outside of Schwab or its affiliates, 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

Schwab does not effect securities transactions as part of the Service.

Personal Trading

Schwab monitors the personal securities holdings and trading of its representatives. Schwab reviews accounts of its representatives 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, covered representatives must disclose all securities accounts they own or control after their hire date and 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 for client transactions as part of the Service.

Review of Accounts

The Service is not ongoing and does not include periodic review of clients' financial situations. As described in "Advisory Business," clients of the Service receive a written Analysis, the contents of which vary according to clients' particular financial situations and according to the type of Service selected by the client.

Client Referrals and Other Compensation

Schwab has entered into an agreement (the "Referral Agreement") with USAA Investment Management Company ("USAA IMCO") under which Schwab will pay USAA IMCO based on a percentage of the assets in Schwab accounts attributable to a referral by USAA IMCO, including assets in accounts discussed as part of the Analysis. Under the Referral Agreement, Schwab will pay USAA IMCO an annual percentage amount of 0.15% (or 15 basis points) of asset balances of applicable accounts.

Representatives of Schwab's affiliate TD Ameritrade, Inc. receive a payment from TD Ameritrade, Inc. for referring clients to Schwab for services not available through TD Ameritrade, Inc., including the Service and other investment advisory services offered by Schwab. Representatives receive this payment regardless of whether referred clients avail themselves of the Schwab service for which they have been referred.

Custody

This item is not applicable to the financial planning services described in this brochure.

Investment Discretion

Schwab does not have or accept investment discretion over client accounts as part of the Service.

Voting Client Securities

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

Financial Information

Schwab does not require or solicit prepayment of the Service fee 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 10 years.

The logo for Charles Schwab, featuring the word "charles" in a script font above the word "SCHWAB" in a bold, sans-serif font, all within a black square.



March 31, 2021

Summary of Material Changes to the Schwab Financial Planning Services Disclosure Brochure (Form ADV Part 2A)

Since March 30, 2020

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 provide, including Schwab Financial Planning Services. The Advisers Act also requires that we update our disclosure brochures annually. This document summarizes the material changes to the Schwab Financial Planning Services Disclosure Brochure (the "Brochure"). If you'd like to receive a copy of the updated disclosure brochure, please call 1-877-566-9109 (or +1-415-667-8400 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, which describes Schwab's fee-based Financial Planning Services, has undergone the following changes since March 30, 2020.

- **Compensation.** The brochure was updated to describe the payments made to Independent Branch Leaders for Schwab Financial Planning Services.
- **Other Financial Industry Activities and Affiliations.** The brochure was updated to reflect new affiliate relationships with TD Ameritrade entities.
- **Other Financial Industry Activities and Affiliations.** The brochure was updated to reflect that Schwab is a Futures Commission Merchant and offers futures trading to qualified clients.
- **Client Referrals and Other Compensation.** The brochure was updated to reflect referrals received from USAA Investment Management Company and from representatives of TD Ameritrade, Inc.