



Frequently Asked Questions

ABOUT INSTITUTIONAL INTELLIGENT PORTFOLIOS®

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.

How are Institutional Intelligent Portfolios® accounts serviced?

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

OPENING MY ACCOUNT

How do login credentials and passwords remain secure?

Advisors don't manage 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.

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, ETFs, or mutual funds). Cash can be added through deposits, cash journals from another Schwab account, wires, or 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 Transfer (ACAT) and non-ACAT Transfers of Assets (TOA) from other financial institutions into Institutional Intelligent Portfolios accounts are also available using standard processes in place for those transactions.

Can Institutional Intelligent Portfolios® accommodate recurring contributions and distributions?

Yes. You are able to set up one-time 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You can also elect to have dividends, interest, and capital gains withdrawn, via a form on the Institutional Intelligent Portfolios website. Processing a distribution may require liquidating account assets and could take up to five (5) business days.

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 same day. Wire transfers to an Institutional Intelligent Portfolios account also appear same day, while Automated Clearing House (ACH) 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.**

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

A rollover of retirement plan assets to an IRA is not your only option. Carefully consider all of your available options, which may include but not be 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 a decision, be sure to understand the benefits and limitations of your available options and consider factors such 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), select **Rollover IRA** as the account type, and select **Transfer from an outside retirement account** when you get to the funding method step.

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 wire or check.

To prevent 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.

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

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

Next, call your advisor for assistance with the details.

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

To prevent 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.

IRA beneficiaries do not automatically transfer from any other Schwab IRA account to an Institutional Intelligent Portfolios IRA. You will need to designate beneficiaries on your Institutional Intelligent Portfolios IRA online at schwaballiance.com or by completing the form available on the Institutional Intelligent Portfolios website.

How can I add beneficiaries to my Institutional Intelligent Portfolios® IRA account?

IRA beneficiaries do not automatically transfer from any other Schwab IRA account to an Institutional Intelligent Portfolios IRA. You will need to designate beneficiaries either when opening the account or online at schwaballiance.com. A form is also available on the Institutional Intelligent Portfolios website under the Legal and Account Forms tab.

How can Institutional Intelligent Portfolios® accounts be closed?

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

ABOUT MY ACCOUNT

Can a withdrawal be made from an Institutional Intelligent Portfolios® account?

Yes. Cash can be withdrawn from the account at any time. To do so, 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. Funds are made available immediately unless the withdrawal request exceeds the cash allocation in the portfolio your advisor has selected. 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.

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 cause your portfolio to stray from the original target, and it can become unbalanced. The solution is rebalancing, the act of 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.

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. To make this purchase, 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.

ACCESS TO MY ACCOUNT

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

Advisors cannot link to your Schwab Intelligent Portfolios account. You would need to close your Schwab Intelligent Portfolios account and open a new Institutional Intelligent Portfolios account to link to an advisor.

Client agreements for Institutional Intelligent Portfolios are different from those for standard brokerage agreements or Schwab Intelligent Portfolios agreements. The available method for you to be enrolled in a portfolio designed by your advisor and agree to terms for Institutional Intelligent Portfolios is via the online account open process.

What can I do on Schwab Alliance with Institutional Intelligent Portfolios® accounts?

On Schwab Alliance, you are able to view account information (balances, positions, transactions, statements, etc.). You can transfer money between your Institutional Intelligent Portfolios account and another Schwab account or transfer money to an external account using MoneyLink.

You cannot trade, edit dividend reinvestment or capital gains instructions, or initiate checks and wires.

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

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 a separate website. You are not required to re-enter your user ID or password to access the Institutional Intelligent Portfolios website.

PRICING

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 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, FDIC-insured depository institution, 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 (the “Sweep Program”). The Sweep Program automatically deposits, or “sweeps,” free credit balances to deposit accounts at Schwab Bank.

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. However, 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:

Each ETF and mutual fund, including a Schwab ETF™ or mutual fund, bears certain fees and expenses, which may include investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other customary fees and expenses, as set forth in the prospectus. These fees and expenses are ultimately borne by fund shareholders. Therefore, Charles Schwab Investment Management, Inc., a Schwab affiliate, will earn 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 will receive fees from third-party ETFs that participate in the Schwab ETF OneSource™ program, and from mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds), for services Schwab provides.

Schwab will receive remuneration from the market centers where it routes ETF trade orders for execution.

Schwab Bank earns income on the cash allocation for each investment strategy. The cash allocation 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. A lower interest rate means a lower yield on the cash allocation. This is a conflict of interest. It is mitigated in part by the way Schwab Bank determines the interest rate on cash balances in the Sweep Program by reference to the greater of a third-party index (the average national money market deposit account rate for retail deposits at the \$100,000 level) or the rate Schwab Bank pays on cash balances of \$1,000,000 or more in its Sweep Program for brokerage accounts. Outside of Institutional Intelligent Portfolios, clients have access to some cash alternatives that pay a higher yield, although they may not have FDIC insurance.

Schwab Bank earns revenue from the Sweep Program and the cash allocation in bank deposit accounts, which also affects yield in Institutional Intelligent Portfolios accounts. That revenue is dependent upon the difference, or “spread,” between the

interest rate Schwab Bank pays to clients on cash “swept” into deposit accounts and the interest rate it can earn from the extension of loans and the purchasing of investment securities. Therefore, Schwab Bank’s ability to earn revenue from the deposit accounts is affected by the interest rate negotiated with its affiliated broker-dealer, Schwab. This revenue is a component of the overall revenue to Schwab Bank and its affiliates in connection with Institutional Intelligent Portfolios. Net interest revenue is a major source of revenue for Schwab Bank, including with respect to Institutional Intelligent Portfolios.

Schwab Performance Technologies® is compensated by investment advisors for use of the Institutional Intelligent Portfolios platform. Platform fees are 10 basis points (0.10%) annually of the total amount of assets in all Institutional Intelligent Portfolios accounts. An advisor pays platform fees to Schwab Performance Technologies only if the value of assets in all of an advisor’s accounts custodied at Schwab, other than Institutional Intelligent Portfolios accounts, is less than \$100 million.

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 from each other. Your relationship is solely with your Advisor and not with SPT.

Charles Schwab & Co., Inc. and Charles Schwab Bank are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Brokerage products, including the Schwab One® brokerage account, are offered by Charles Schwab & Co., Inc., Member SIPC. Deposit and lending products are offered by Charles 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 Charles Schwab & Co., Inc. ("Schwab"). By enrolling in Institutional Intelligent Portfolios, clients consent to having the free credit balances in their Institutional Intelligent Portfolios brokerage accounts swept into deposit accounts at Charles Schwab Bank® ("Schwab Bank") through the Sweep Program. Schwab Bank is an FDIC-insured depository institution affiliated with Schwab Performance Technologies ("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 Charles Schwab Bank are insured, in aggregate, up to \$250,000 based on account ownership type, by the Federal Deposit Insurance Corporation (FDIC).

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 do 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 & Co., Inc. receives remuneration from certain third-party ETF companies participating in Schwab ETF OneSource™ for record keeping, shareholder services and other administrative services, including program development and maintenance.

Charles Schwab & Co., Inc. (Member SIPC) receives remuneration from fund companies in the Mutual Fund OneSource® program for record keeping, shareholder services and other administrative services.

(0119-9U00)

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

Please contact your independent investment advisor ("Investment Advisor") directly for a copy of its disclosure brochure and privacy policy.

Institutional Intelligent Portfolios® is a technology and service platform provided to your Investment Advisor by Schwab Performance Technologies ("SPT") and used by your Investment 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 Charles Schwab Bank, member FDIC and an Equal Housing Lender.

SPT, CS&Co and Charles Schwab Bank are separate companies affiliated as subsidiaries of The Charles Schwab Corporation whose products and services are independent from each other.

Investment Advisor and SPT are independent of each other and are not affiliated with, sponsored by, endorsed by, or supervised by each other. Your relationship is solely with Advisor and not SPT.

Apple and the Apple logo are trademarks of Apple Inc., registered in the U.S. and other countries. App Store is a service mark of Apple Inc.

Android and Google Play are trademarks of Google, Inc.

© 2020 Schwab Performance Technologies. All rights reserved. Unauthorized access is prohibited. Usage is monitored.

Schwab Privacy Policy | Schwab Online Privacy