

Contact us:

(877) 824-5615 | schwabbankfunds@schwab.com | www.schwabbankfunds.com

August 25, 2016

Effective November 1, 2016 Schwab Bank will be making enhancements to the collective trust funds pricing and product offering.

Schwab Managed Retirement Trust Funds (SMRT):

- Unit Class V
 - The current minimum of \$300MM mapping into the Funds will be reduced to \$100MM mapping into the Funds or plans with greater than \$400MM in total plan assets.
- Unit Class IV
 - The off-platform minimum of \$100MM plan size or \$25MM initial investment mapping requirement will be removed leaving Unit Class IV with no minimum requirement.
- Unit Class I, II & III
 - Align off-platform revenue share amounts to on-platform revenue share amounts (see chart below for revenue share amounts).

*Unit class transfers will not automatically occur, for clients that now qualify for Class IV or Class V please contact your Schwab Representative.

Schwab Indexed Retirement Trust Funds (SIRT):

- Unit Class I
 - Reduce expense ratio from 0.14% to 0.08%.
 - No minimum initial investment requirement.
- Unit Class II
 - Will close to new investors November 1, 2016.
 - Will merge into Unit Class I at a later date (TBD).

Schwab Institutional Large Cap Value Trust Fund:

- Both current unit classes will be closed to new investors effective November 1, 2016. Existing clients can continue to make investments into the Fund.

An amended and restated Declaration of Trust will be made available as of November 1, 2016 on schwabbankfunds.com, no action is required by plan sponsors at this time.

Enhanced Pricing & Minimums for Impacted Funds: Effective November 1, 2016

	Unit Class	Expense Ratio	Revenue Credit All Platforms	Additional Information
SMRT Funds	I	0.89%	0.44%	No Minimum
	II	0.69%	0.24%	No Minimum
	III	0.54%	0.09%	No Minimum
	IV ²	0.45%	0.00%	No Minimum
	V ³	0.35%	0.00%	\$100MM
SIRT Funds	I	0.08%	0.00%	No Minimum
	II	0.08%	0.00%	No Minimum & Closed to new investors
Schwab Institutional Large Cap Value	Retirement	0.63%	0.25%	Closed to new investors
	Institutional	0.38%	0.00%	Closed to new investors

Collective Trust Funds sponsored by Schwab Bank:

Our objective is to offer investment options which will provide investors an opportunity for a better retirement at a good value. We employ a collaborative fund management structure with dedicated, specialized teams working together for our investors' benefit.

- Schwab Managed Retirement Trust Funds™ (SMRT)
-An active- passive target-date fund series
- Schwab Indexed Retirement Trust Funds® (SIRT)
-A passive target-date fund series

Both of our target date series employ the same glide path which is constructed with everyday people in mind, utilizing a behavioral approach to asset allocation. Our glide path has a history of demonstrated experience through multiple market cycles.

- Schwab Institutional Large Cap Value Trust Fund* (closed to new investors November 1, 2016)
- Schwab Institutional Large Cap Growth Trust Fund*
- Schwab Institutional Small Cap Trust Fund* (closed to new investors)
- Schwab Institutional Diversified International Trust Fund*
- Schwab Institutional Core-Plus Fixed Income Trust Fund*
- Schwab Diversified Allocation Trust Funds

*Collective trust funds in which the SMRT funds invest

The Schwab Managed Retirement Trust Funds™ and Schwab Institutional Trust Funds® are collective trust funds maintained by Charles Schwab Bank (“Schwab Bank”), as trustee of the Funds. They are available for investment only by eligible retirement plans and entities. Schwab Bank Collective Trust Funds (“Funds”) are not insured by FDIC or any other type of deposit insurance; are not deposits or other obligations of, and are not guaranteed by Schwab Bank or any of its affiliates; and involve investment risks, including possible loss of principal invested. The Funds are not mutual funds and are exempt from registration and regulation under the Investment Company Act of 1940 (“1940 Act”), and their units are not registered under the Securities Act of 1933, or applicable securities laws of any state or other jurisdiction. Unit holders of the Funds are not entitled to the protections of the 1940 Act. The decision to invest in the Funds should be carefully considered. The Funds’ unit values will fluctuate and may be worth more or less when redeemed, so unit holders may lose money. The Funds are not sold by prospectus and are not available for investment by the public; Fund prices are not quoted in newspapers. The values of the funds will fluctuate up to and after the target dates. **Past performance is no guarantee of future results. There is no guarantee the funds will provide adequate income at or through retirement.**

The Charles Schwab Corporation provides services to retirement and other employee benefit plans and participants through its separate but affiliated companies and subsidiaries: Charles Schwab Bank (“Schwab Bank”); Charles Schwab & Co., Inc.; Charles Schwab Investment Management, Inc. (“CSIM”); Schwab Retirement Plan Services, Inc.; and Windhaven Investment Management, Inc. Trust and custody products and service are offered by Schwab Bank. Brokerage products and services are offered by Charles Schwab & Co., Inc. (Member SIPC). Schwab Retirement Plan Services, Inc. provides recordkeeping and related services to retirement plans. CSIM provides investment research, advisory and fund administration services to Schwab Bank and the Funds. Windhaven Investment Management, Inc. (“Windhaven”) provides investment advisory services to the Diversified Allocation collective trust funds. CSIM and Windhaven are investment advisers registered with the Securities and Exchange Commission.

The Schwab Bank Collective Trust Funds select investments based on advice received from or products offered by industry-recognized investment management firms (“sub-advisors”). The Funds access strategies through various investment vehicles including, but not limited to, collective trust funds, separate accounts, mutual funds, and exchange-traded funds. Exposure to some strategies may be indirect through the investment in other Schwab Bank Collective Trust Funds. The SMRT Funds invest in the Schwab Institutional Large Cap Value Trust Fund, Schwab Institutional Large Cap Growth Trust Fund, Schwab Institutional Small Cap Fund, Schwab Institutional International Diversified Trust Fund, and Schwab Institutional Core Plus Fixed Income Trust Fund. See the Funds’ Financial Statements for additional information.

Charles Schwab Bank, 211 Main Street, San Francisco, CA 94105