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Schwab Automatic Investment Plan Terms and Conditions

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The information in this booklet is designed to answer questions you may have about your Automatic Investment Plan (AIP), including how to set it up, make changes, or cancel your plan.

1. Mutual Fund Selection

Most mutual funds available at Schwab will be eligible for an AIP, except for transaction fee mutual funds that do not pay Schwab for the shareholder, administrative, and recordkeeping services Schwab provides (“non-payer funds”). An AIP can be established for share classes available for purchase to a client where a client has established a position in an eligible fund.

2. Investment Requirements

Automatic investments can be established for an eligible mutual fund for any fixed dollar amount. Automatic sells can also be established for mutual funds held in your account. Note that Schwab is unable to offer investments or redemptions on a percentage basis or establish exchanges through AIP. Additionally, only one instruction per mutual fund symbol can be active at any given time.

3. Enrolling in the Automatic Investment Plan

You may enroll in an AIP for any eligible mutual fund you already own. If you want to become a shareholder in an eligible fund and invest in that fund automatically, you must first place a trade on **Schwab.com**. If you place an order to purchase a mutual fund, enroll that fund in Schwab's Automatic Investment Plan, and subsequently cancel the initial purchase order before it is executed, your AIP instructions will be immediately canceled. New instructions entered prior to 11:59 p.m. EST can be established the next business day. However, when completed after midnight, the first available instruction date will be established the next business day.

4. Funding Your Automatic Investment Plan

Schwab recommends that you choose a transfer/deposit date close to your automatic investment date.

The coordination of these dates will minimize the time that funds may be uninvested in your account. It will also help ensure that the correct funds are used for your automatic investment(s). You may choose from three different methods to pay for your Automatic Investment Plan purchases:

a. Use Available Funds in Your Schwab Account

Available funds in your Schwab account, including the Schwab One® Interest feature, the loan value of securities in your account (aka margin cash available), shares of a Schwab® Sweep Money Fund and/or the Bank Sweep feature,¹ will be used to pay for the automatic investment(s). To the extent there are no other available funds and margin cash is available, margin cash will be used to make your investment. This is only applicable for accounts that have a margin feature.

b. Use the Schwab MoneyLink® Electronic Funds Transfer Service

For your convenience, electronic funds transfer service through Schwab MoneyLink should be scheduled to occur prior to your Automatic Investment Plan purchases or used to distribute settled funds from redemptions. Electronic funds transfers (transfers from another financial institution) and Direct Deposit (automatic deposit of all or a portion of your payroll or government check) are the two electronic funds transfer options which are available through the Schwab MoneyLink Transfer Service.

The Schwab MoneyLink Transfer Service electronically transfers the money into your Schwab account. The transferred money can be used to fund the automatic investment in the mutual funds you have selected for your AIP. See the MoneyLink Terms and Conditions at schwab.com/legal/schwab-moneylink-terms-and-conditions for additional information.

c. Transfer Funds Between Schwab Accounts

Finally, you may choose to journal funds between Schwab accounts to fund your automatic investments. If you choose this method of paying for your AIP trades, you must send a letter of authorization to Schwab to begin this service. The transfer date should be scheduled at least three days prior to the scheduled AIP investment date in order to ensure that your investments occur on the date you've specified.

d. Distributing Your AIP Sell Proceeds

You may decide to transfer the proceeds after the sale of a mutual fund through AIP. It's important to note that most mutual funds settle the next business day. Please note that the mutual fund company can extend settlement without notice, so it may take longer than one day. Establishing an automatic transfer that is several days after the sell transaction occurs could help prevent unexpected delays with your distribution. Additionally, if you

establish automatic distributions, please make sure the transfer date accounts for the settlement of the mutual fund trade, or the Moneylink or journal to another account could fail.

5. Set-Up Time

If you are using available funds in your Schwab account to pay for your AIP trades, you should allow Schwab five (5) business days after establishing Moneylink to set up your AIP. If you are using Direct Deposit of a payroll or government check to pay for your AIP trades, please allow four to six weeks for your AIP to begin once Schwab and the employer or government agency have received the necessary forms.

6. Investment Frequency Options and Investment Dates

You have the flexibility to choose the frequency and date that best match your investment needs.

You will activate an AIP by establishing a start date and identifying a trade day on which you'd like to buy or sell your mutual fund.

Start date =

The date you'd like your instruction(s) to activate

Trade day =

The date you'd like your instruction(s) to execute

Example: Instructions to buy twice per month: start date 7/28/2025; the first trade day is the 3rd day of the month, and the second trade day is the 21st day of the month. The instructions will activate on July 28, with the first buy executing on August 4 and the second trade executing on August 21. The instructions will continue until you cancel them or they expire.

We offer the following frequencies:

- **Weekly:** Start date activates the AIP. Trade day is the day of the week you'd like to buy or sell your mutual fund during the period.
- **Every other week:** Start date activates the AIP. Trade day is the day of the week you'd like to buy or sell your mutual fund during the period, alternating every other week.
- **Monthly:** Start date activates the AIP. Trade day is the date you'd like to buy or sell your mutual fund during the period.
- **Twice per month:** Start date activates the AIP. The first and second trade days are the actual dates of the buy or sell. For example, selecting a start date of July 21 and investment dates of the 10th and 28th of every month means the buy or sell will

execute on the 10th and 28th (unless the investment date falls on a weekend or holiday, in which case the date will move forward to the next business day).

- **Every three months:** Start date activates the AIP. Trade day is the date you'd like to buy or sell your mutual fund during the period.
- **Every six months:** Start date activates the AIP. Trade day is the date you'd like to buy or sell your mutual fund during the period.
- **Annual:** Start date activates the AIP. Trade day is the date you'd like to buy or sell your mutual fund during the period.

Your instructions can be established at any time throughout the month. If your automatic investment or redemption date falls on a weekend or bank/exchange holiday, your automatic investment will take place on the next business day.

7. Transaction Fees

Certain mutual funds carry a transaction fee, but many are offered without a transaction fee at Schwab. Through AIP, executed mutual fund instructions may incur a transaction fee of up to 8.5% of principal, with a maximum of \$10. These transaction fees will be applied to each instruction until the instructions are canceled or expire. Please log in to [Schwab.com](https://www.schwab.com) search for the mutual fund to determine if the mutual fund has a transaction fee.

8. Mutual Fund Redemptions and Cost Basis Selection

Contingent redemption fees (sometimes referred to as **short-term redemption fees**) are fees charged by the mutual fund company to discourage short-term trading of the mutual fund. Please log in to [Schwab.com](https://www.schwab.com) to search for the applicable mutual fund and identify any applicable fees. **Cost basis selection** on lots sold through AIP will default to the cost basis methodology selected for the account. If you'd like to use something different than the default selection, please contact a Schwab Representative for more information. Selecting the average cost methodology will prevent lot identification when selling mutual fund shares.

9. How to Change Your Automatic Investment Instructions

If you want to change the fund(s) selected for your Automatic Investment Plan or add new funds, you may do so by logging in to [Schwab.com](https://www.schwab.com).

10. Limit on the Number of Short-Term Redemptions

Although the Schwab Automatic Investment Plan allows you the flexibility to change the mutual fund(s) you've selected, the plan is not designed for investors who make frequent redemptions from mutual funds. Schwab reserves the right to cancel the AIP agreement with the investor if Schwab determines that the investor's trading activity has become excessive.

11. Terminating Your Automatic Investment Plan

You may cancel your Automatic Investment Plan by logging in to [Schwab.com](https://www.schwab.com).

Your AIP instructions will be canceled for any of the following reasons:

- You direct cancellation via [Schwab.com](https://www.schwab.com) or through a Schwab representative.
- The underlying mutual fund position is less than one share due to sale, transfer, or journal.
- The underlying mutual fund has merged into a new fund. If the new fund is AIP eligible, you will need to provide us with new instructions directing us to establish an AIP in the new fund. You may provide these new instructions in writing, online, or through a Schwab representative.
- The underlying mutual fund is or has become ineligible for AIP.
- No AIP purchases were made within the last 180 days.

IMPORTANT: Your Schwab MoneyLink®, Direct Deposit, and/or fund journaling instructions will not automatically terminate when you cancel your Automatic Investment Plan. Please refer to the Schwab MoneyLink Terms and Conditions at [schwab.com/legal/schwab-moneylink-terms-and-conditions](https://www.schwab.com/legal/schwab-moneylink-terms-and-conditions) for instructions on how to terminate your authorized transfers and/or Direct Deposit. If you want to deactivate your Direct Deposit, you must contact your employer or the government agency. If you want to

discontinue your fund journaling instructions, you may do so by calling your dedicated Service Team.

Your automatic investments will not terminate when you cancel your Direct Deposit or Schwab MoneyLink authorized transfers unless you have notified Schwab (orally, on the web, or in writing) that your automatic investments should discontinue.

If you have not requested a stop on your automatic investments and you have available funds (i.e., Schwab One® Interest feature, Schwab® Sweep Money Fund Shares, Bank Sweep, or loan value of securities) in your Schwab account, the automatic investment will be made using these funds. Schwab must receive instructions to terminate your plan at least five (5) business days prior to your scheduled investment date. If you cancel your Automatic Investment Plan, Schwab will send you a letter confirming the cancellation.

12. Incomplete Schwab MoneyLink® Transfers to Your Account

If you are using money from an electronic funds transfer or Direct Deposit to pay for your automatic investments and if, for some reason, the transfers and/or deposits do not occur by the investment date or if transferred money has been used for other trading activity, Schwab will use any available funds (i.e., Schwab One Interest feature, Schwab Sweep Money Fund Shares, Bank Sweep, or loan value of securities) in your account to cover the purchase(s). If you have no available funds, the automatic investments will not occur for that investment date. Additionally, when redeeming shares through AIP, if no shares are available, your instructions will be terminated.

13. Insufficient Funds or Mutual Fund Shares in Your Schwab Account

If there are insufficient funds (i.e., Schwab One Interest feature, Schwab Sweep Money Fund Shares, Bank Sweep, or loan value of securities) in your Schwab account to cover an AIP purchase of shares in a single fund, Schwab will not execute that installment of your Automatic Investment Plan. If you choose to have automatic investments made into more than one investment on the same day and there are insufficient funds to cover all purchases, Schwab will place a trade(s) in the mutual fund(s) using the funds that are available in your account. The determination of which mutual funds are selected will be made at Schwab's discretion.

Unlike Schwab Sweep Money Funds, nonsweep money funds (such as Schwab Value Advantage Investments®) are not redeemed automatically to cover a debit balance. Whenever necessary, Schwab may (but isn't required to) redeem shares in these nonsweep investments in order to cover your AIP mutual fund purchases. If Schwab redeems shares, Schwab will redeem enough to cover all AIP purchases on a given AIP trade date.

14. Establishing an AIP for a Tax-Deferred Account

Schwab's Automatic Investment Plan is available for tax-deferred accounts, including individual retirement accounts (IRAs), Roth IRAs, and education savings accounts. The policies and procedures explained above are applicable to setting up an AIP on eligible mutual funds held in tax-deferred accounts, including the Traditional IRA, Roth IRA, 529s, or other education savings accounts. If you elect to pay for AIP purchases in a tax-deferred account by funding your IRA using Schwab MoneyLink® or Direct Deposit, Schwab will monitor your contributions and notify you if your contribution limit reaches (within \$1) the current maximum allowable contribution under federal law (please visit schwab.com/ira for current contribution limits). However, Schwab will not be able to deactivate your Direct Deposit service to prevent you from exceeding the IRA contribution limit. You must make any changes to Direct Deposit, including deactivation, by contacting your employer or government agency.

If you opt to pay for AIP purchases in a tax-deferred account by funding your IRA using journals of funds from other Schwab accounts (described in Section 4c), it is up to you to monitor the amount transferred from your Schwab brokerage account to your tax-deferred account so that your maximum IRA contribution limit is not exceeded; Schwab will not monitor this for you. If you want to discontinue journals of funds from other Schwab accounts so as not to exceed your contribution limit, you can do so by calling your dedicated Service Team. (See also the "Important" comments in Section 11 of this document for more information on discontinuing MoneyLink, Direct Deposit, or funds journaling instructions.)

15. Accounts with a Margin Debit

Funds transferred to your Schwab account will be invested in accordance with the current terms and conditions governing your Schwab account. For example, if your account has a margin debit, any

money transferred to your account through Schwab MoneyLink will be used to reduce the debit. On your designated automatic investment date, “margin cash available” may be transferred from your margin account to complete the automatic investment if that is the only available source of funds. This action would increase your margin debit. If your account is subject to any type of margin call, funds transferred to your account through Schwab MoneyLink will first be used to satisfy the call. Only the remaining margin cash available would be used for the Automatic Investment Plan. If the margin cash available is sufficient to place the trade for your authorized amount, Schwab will execute as many of the instructed purchases as possible. In this event, Schwab will not exceed the authorized purchase amount or create a margin call at the time of purchase.

¹ Bank sweep accounts are held at an affiliated, FDIC-insured bank, as referenced on your account statements and your account balances pages on the [Schwab.com](https://www.schwab.com) website and disclosed in your account documents. Securities products (including unswept or intraday cash, net credit or debit balances, and money market funds) offered by Charles Schwab & Co., Inc. (Member SIPC) are not deposits or obligations of the affiliated bank, are subject to investment risk, are not FDIC-insured, may lose value, and are not bank-guaranteed.



Investors should consider carefully information contained in the prospectus, including investment objectives, risks, charges, and expenses. You can request a prospectus by calling **1-800-435-4000**. Please read the prospectus carefully before investing.

Investment value will fluctuate, and shares, when redeemed, may be worth more or less than their original cost.

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Charles Schwab & Co., Inc. reserves the right to modify or cancel the Automatic Investment Plan service at any time. The automatic investment strategy does not assure a profit and does not protect against loss in declining markets. Since the strategy involves continuous investment in securities regardless of fluctuating price levels, you should consider your financial ability to continue your purchases during economic downturns.

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