



LEARN MORE ABOUT YOUR RETIREMENT READINESS SCORE

No matter how close or far away retirement is – it is important to have a retirement savings and investing plan and track your progress. The Score¹ can help you understand your progress towards reaching your retirement savings goals. It is based on an analysis of your current savings and investments. It shows you the monthly income you may expect if you continue with your current strategy and suggests the retirement income you might need during retirement.

Saving is all about taking a long-term view. The key is to set priorities, with saving for retirement in your workplace retirement plan as one of the top priorities. You're already using Schwab Retirement Planner^{TM2} to manage your savings and investments in your plan. Call **1-800-724-7526** to further refine your savings and investment strategy by providing additional details to get or stay on track.*

HOW THIS SCORE WAS CREATED

The retirement readiness score¹ is designed to measure your progress toward preparing for retirement. It is calculated by Schwab Retirement Plan Services, Inc. ("Schwab") using data formulated by GuidedChoice[®], an independent professional investment advisor. Schwab cannot alter or influence any of the GuidedChoice recommendations. The GuidedChoice analysis of your current savings and investments shows the projected monthly income you can expect if you continue down your current savings path and reports the monthly retirement income you may need during retirement. The retirement readiness score is displayed as a percentage, which is determined by dividing the expected monthly income based on your current retirement savings by the income you may need during retirement. The Score is not intended to be a predictor of actual investment performance or savings you will have at retirement. Your percent to goal Score is updated <quarterly/annually> to show any changes made in your retirement savings and investment strategy, and to reflect any <built-in annual savings adjustment/annual savings increase>.

SCORE INPUTS AND ASSUMPTIONS

A combination of inputs that your employer and you may provide is the basis of the retirement readiness score.³ You can further refine your savings and investment strategy by providing more information about your retirement goals, investment risk or by updating your current information. Please see the detailed input and assumption chart below.

INPUT	HOW THE INPUT IS USED IN THE RETIREMENT READINESS SCORE
Date of birth	Your date of birth is provided by your employer and is used to calculate the projected date of retirement. Unless specified otherwise via a consultation or interaction online with Schwab Retirement Planner, the analysis assumes a retirement age of 65. If you need to make a change to your birth date, please contact your employer.
Gross annual salary	Your annual salary is provided by your employer. If your annual salary is not available, the analysis projects an annual salary using year-to-date salary. If neither is available, then a default value supplied by your employer is used. Annual compensation is assumed to increase with inflation; variable inflation rates are simulated in the calculations. The gross annual salary is used to calculate the amount of estimated monthly income needed in retirement.
Current savings rate	The assumption is that your current savings rate in the plan remains steady. Annual savings adjustments are not reflected in the analysis until the time they actually take effect. This information is used to calculate your projected monthly income in retirement.
Employer contribution	Information concerning any applicable employer match or other contribution as provided under the terms of the plan is described in the plan's Summary Plan Description (SPD) and is included in the analysis used to calculate your projected monthly income in retirement.
Additional 401k, Defined Benefit, Money Purchase, Profit Sharing, Non-Qualified and Cash-balance plan balances	All holdings for the plan will be included as well as any other associated plan that is enabled for the Schwab Retirement Planner and record kept by Schwab Retirement Plan Services, Inc. For plans not offering Schwab Retirement Planner and non-qualified plans and money purchase plans record kept by Schwab Retirement Plan Services, Inc., a single lump-sum "cash equivalent" is used for the analysis. Similarly, for defined benefit and cash balance plans, a projected lump-sum benefit based on normal retirement age of 65 for the participant is provided.
Additional savings earmarked for retirement	If you have additional savings earmarked for retirement outside of your workplace retirement plan, you can update your readiness score by providing that information by means of a phone consultation or by going to schwab.com/workplace .
Expected Social Security	Data on projected social security benefits is provided by Schwab Retirement Planner and is factored in to the analysis.
Mailing Address	Your mailing address is provided by your employer and it is used to determine your state of residence. If no mailing address is available, your employer specifies a default value. Each state has its own tax structure. Schwab Retirement Planner will use both your federal and state tax rates to calculate your after-tax returns on your investments. Federal and state income taxes are based on averages for household deductions at various income levels. The analysis assumes a marital status of single with no dependents. Since it cannot forecast tax rates in the future, the analysis uses today's tax rates for future projections. If you need to make a change to your mailing address, please contact your employer.
Gender	Your gender is supplied by your employer and is used to calculate your total years in retirement. The analysis uses some very sophisticated actuarial tables to calculate what it will take to get you into and through retirement. Many of these tables are based on an individual's life expectancy. If your Plan Sponsor does not provide your gender, the assumption that will be used is average life expectancy for a male + 10 years.
Investments	Investments are those held in your workplace retirement plan portfolio. The analysis assumes a decrease in principal as you take distributions in retirement in the return calculations. The return calculations are based on historical performance of the investments in your portfolio and do not guarantee future results.

INPUT	HOW THE INPUT IS USED IN THE RETIREMENT READINESS SCORE
Estimated investment return by asset class	As part of the analysis each investment in your plan is benchmarked based on asset class and includes historical returns, if they are available. The analysis utilizes a proprietary model using Monte Carlo simulations (at least 500) to project estimated future investment values considering expected returns and possible inflationary scenarios. This model is applied to each specific investment within your account.
Assumed inflation rate	Annual compensation is assumed to increase with inflation in the analysis. Fixed income assets such as pension (if applicable and included) and Social Security are adjusted for inflation. Variable inflation rates are simulated in the calculations.
Assumed tax rate	Federal and state income taxes are based on averages for household deductions at various income levels. The analysis assumes a marital status of single with no dependents. Since it cannot forecast tax rates in the future, the analysis uses today's tax rates for future projections.
Projected date of retirement	Unless specified otherwise via a consultation or interaction online with Schwab Retirement Planner the analysis assumes a retirement age of 65.
Projected years in retirement	Unless specified otherwise via a consultation or interaction online with Schwab Retirement Planner the analysis assumes you will retire at the age of 65. Years in retirement is calculated using your age at retirement and mortality tables based on your gender.
Estimated monthly income needed in retirement	The analysis assumes that you will need 80% of your current annual after-tax income in retirement.
Projected monthly income at retirement given current savings and investment strategy	To determine your projected income at retirement the analysis utilizes a Monte Carlo simulation (typically running approximately 500 iterations) of the expected returns path for the designated investments available in your plan. The expected range of income projection is shown in today's after-tax income at 66.7% probability.
Income replacement value	The value of what you may need in retirement is based on 80% of your current after-tax income.
% gap to goal	The % gap to goal is the difference between the estimated monthly income needed in retirement and the projected monthly income at retirement given your savings and investment strategy today.

*Appointments are typically scheduled within 14 days or less.

¹The Schwab retirement readiness score, or the ("score") is calculated by Schwab Retirement Plan Services, Inc., ("SRPS") using the data formulated by GuidedChoice Asset Management, Inc. (GuidedChoice[®]), an independent professional investment advisor. GuidedChoice formulates and provides monthly income projections in retirement based on current savings and investment data for the participant and SRPS uses the data to express the potential gap in retirement savings as a percentage or score which is made available as part of the retirement plan recordkeeping and related services provided by SRPS. GuidedChoice is not affiliated with or an agent of Schwab Retirement Plan Services, Inc., Charles Schwab & Co., Inc. ("CS&Co.") or their affiliates.

²Schwab Retirement Planner[™] provides participants with a retirement savings and investment strategy, a major component of which is a discretionary investment management service furnished by GuidedChoice Asset Management, Inc. ("GuidedChoice[®]"), an independent investment advisor. GuidedChoice creates discretionary managed portfolios based on Modern Portfolio Theory using investment alternatives available in the plan. GuidedChoice is not affiliated with or an agent of Schwab Retirement Plan Services, Inc. ("SRPS"), Charles Schwab & Co., Inc. ("CS&Co."), or their affiliates. Neither CS&Co., SRPS, nor their affiliates supervise, make recommendations with respect to, or take responsibility for monitoring the services provided to participants by GuidedChoice. Schwab Advice Consultants, who are employees of CS&Co. and not of GuidedChoice, facilitate participant access to the GuidedChoice services, but do not provide investment advice or recommendations regarding the GuidedChoice services or generally as part of Schwab Retirement Planner. Diversification and asset allocation strategies do not ensure a profit and cannot protect against losses in a declining market. **There is no guarantee a participant's savings and investment strategy will provide adequate income at or through their retirement. Fees are charged for Schwab Retirement Planner, including its discretionary investment management service, based on the participant's account balance.** Participants should carefully consider information contained in the materials furnished at their employer's direction regarding the services provided by Schwab and GuidedChoice including information regarding compensation, affiliations and potential conflicts.

³The figures shown are based on your savings and investments in ABC 401(k) Plan and any other plan that is record kept by Schwab Retirement Plan Services, Inc. and offers Schwab Retirement Planner. The figures also include projected social security benefits and any other retirement savings information you may have provided via a Schwab Retirement Planner consultation as of 04-19-2012. This score provides analysis based on your input or input from your employer but makes many additional assumptions.

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