

# Frequently asked questions

## Q1. When will this change go into effect?

A. This change will be put into place with July statements (delivered in August).

## Q2. When will statements be sent?

A. Statements will be generated at least once a quarter according to regulatory requirements. However, monthly statements will only be issued when accounts have qualifying transactions like deposits, withdrawals, trades settling within the statement month, or stock dividend distributions and reinvestments.

## Q3. What is a non-qualifying transaction?

A. Certain transactions like interest payments on cash, money market income, journal entries within the same account, and trades that settle in the next statement month will not generate a statement. However, these transactions will be included in the next account statement sent. For example, if a client does not have a qualifying transaction in January, the next account statement received will be dated from January 1 and include all non-qualifying transactions.

To help you determine what types of transactions generate monthly statements, and which don't, we've provided a convenient table below.

Activity that generates monthly statements	Activity that does not generate monthly statements
<ul style="list-style-type: none"> <li>• Bond interest payments</li> <li>• Checks issued or deposited</li> <li>• Commission credits</li> <li>• EFT or MoneyLink activity</li> <li>• Journal entries between accounts</li> <li>• New account (funded or securities deposited)</li> <li>• Price corrections</li> <li>• Reorganizations</li> <li>• Schwab One transactions, such as checks, VISA transactions, adjustments to interest<sup>1</sup></li> <li>• Stock dividends</li> <li>• Trades settling in the month the statement is generated</li> <li>• Transactions related to Bank Sweep feature (not including interest)</li> </ul>	<ul style="list-style-type: none"> <li>• Journal entries within the same account (from Type 1 to Type 2, for example)</li> <li>• Money market dividends (manual or automated)</li> <li>• Schwab One interest</li> <li>• Interest on Deposit Accounts held through the Bank Sweep feature</li> <li>• Trading activity when the trades settle in the next month</li> </ul>

## Q4. How does this impact bundled statements?

A. Bundled statements will only include statements that have qualifying transactions. This means that clients with a partial bundle will receive a statement summary with only **some** of their accounts, and only those accounts will be reflected in the balance. We will inform clients that some accounts may not be included in their statement summary on the summary sheet itself.

**Q5. Will this impact eStatements?**

- A.** Yes. Monthly statements delivered electronically and by mail will not be generated if an account does not have qualifying activity.

**Q6. Can I request monthly statements regardless of account activity?**

- A.** Yes. Prior to July 15, 2016, you can request monthly statements by contacting your RM or Service Team. This will result in no change in your/your clients' statement experience. After July 15, 2016, you can request monthly statements via the Statement Preferences Form on schwabadvisorcenter.com.

**Q7. What happens to new Accounts and new Masters?**

- A.** New accounts inherit the statement frequency of their Master; if a Master has requested monthly statements regardless of activity, all accounts under that master (new and existing) will generate monthly statements. New Masters always default to the activity-based frequency.

**Q8. Can my service team help me to generate a monthly statement without qualifying activity?**

- A.** No. If a statement does not have qualifying activity and is not generated, Schwab Service cannot force the production of a past statement.

**Q9. When is it too late to request monthly statements regardless of activity?**

- A.** To ensure you receive a monthly statement, Schwab must process your request two business days prior to the end of the statement month. If there are large volumes of requests, your request may not be processed immediately.

<sup>1</sup> Schwab One information on statements is 1 day behind. The Schwab One Limit is based upon the previous business day's closing prices (if on margin) and will not take into account any activity that takes place on the last day of the month. The figures in the "Checkwriting and VISA Limit" area of the statement will not match the values in the account. All other information on the statement is gathered on the last business day of the month.

For institutional use only—not for further distribution.

Schwab Advisor Services™ serves independent investment advisors and includes the custody, trading, and support services of Schwab. Independent investment advisors are not owned by, affiliated with, or supervised by Schwab.

©2016 Charles Schwab & Co., Inc. All rights reserved. Member SIPC. TWI (0516-FJM5) MKT92029-00 (5/16)



*Own your tomorrow.*