

Schwab Personal Choice Retirement Account® (PCRA)

Fact Sheet

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Schwab Personal Choice Retirement Account® is a self-directed brokerage account (SDBA) designed to complement your Southwest Airlines Pilots Retirement Savings Plan core investments. Schwab PCRA gives you greater access to thousands of additional investment choices.

Who should choose to invest through a Schwab PCRA?

Schwab PCRA is for *knowledgeable* investors who understand the risks associated with many of the investment choices available through PCRA and are committed to staying invested for the long-term. Schwab PCRA is designed for individuals who seek more flexibility, increased diversification, and a greater role in managing their retirement savings.

How does Schwab PCRA differ from a typical brokerage account?

Schwab PCRA is different than a typical retail brokerage account because it is part of your retirement plan and therefore regulated by ERISA guidelines. Because your assets are part of a plan, another difference is that your investments may be tax-deferred. And finally, you can only fund your Schwab PCRA through transfers from your retirement plan core investments.

If you have any other accounts with Charles Schwab, such as an Individual Retirement Account (IRA), you cannot transfer assets between such accounts and Schwab PCRA. All restrictions imposed through your retirement plan apply to the money transferred to your Schwab PCRA.

What investments are available through Schwab PCRA?

Through Schwab PCRA, you can access more than 8,500 mutual funds from over 640 well-known fund families. Over 4,000 mutual funds are available with no-loads and no-transaction fees¹, including over 2,700 load-waived funds typically available only to institutional clients. You'll also have access to over 500 commission-free exchange-traded funds² through Schwab ETF OneSource™. Other investments also include any ETF-traded on a U.S. exchange, individual stocks, bonds and other fixed income investments, CDs, and money market funds.

Ineligible investments include: currencies, short sales, private placements, commodities, precious metals, real estate, futures, margin accounts, collectibles, and options (other than covered calls, protective puts, and cash-secured equity puts, if permitted by your employer and approved by Schwab).³

Note: Investors should carefully consider information contained in the prospectus, including investment objectives, risks, trading policies, charges and expenses. You can request a prospectus by calling Schwab's dedicated PCRA Call Center at 1-888-393-PCRA (7272). You may also request a prospectus online at www.schwab.com/prospectus. Please read the prospectus carefully before investing.

How do I open my Schwab PCRA?

1. Go to workplace.schwab.com/swapa.
2. Go to the **Manage Account** tab and then the **PCRA** tab. Click on **Open your PCRA**.
3. Once you click **Submit**, you will receive your new account number instantly on the screen, and you'll be automatically re-directed to Schwab.com.
4. Once on Schwab.com, click **First Time Users** (under **LOG IN**), then click **Register** to set up your PCRA for online access. You'll need to input your SSN, new PCRA number, date of birth and home phone number for this step.
5. Your Schwab PCRA is now ready to be funded, and you can begin researching investment opportunities.
6. You will receive welcome materials from Schwab in a few days.

<p>How do I transfer money into my Schwab PCRA?</p>	<p>Once your Schwab PCRA is established, you fund your Schwab PCRA by transferring money from your retirement plan core investments in a two-step process:</p> <ul style="list-style-type: none"> • Determine from which of your other core investments you want to transfer money. • Decide on the amount to transfer (up to 95% of your retirement plan balance). A minimum transfer amount may apply for initial and subsequent transfers.
<p>How do I place trades and manage my Schwab PCRA?</p>	<ul style="list-style-type: none"> • Place trades and manage your account through Schwab's electronic channels, such as Schwab.com, mobile applications, and automated phone services. • For Schwab.com, log in and select your Schwab PCRA number to manage your account. Click Research to narrow down your choices, then Trade to place trade orders. • Call 1-888-393-PCRA (7272) to speak to a dedicated Schwab PCRA Call Center representative, to access TeleBroker® touch tone service, or to use Schwab by Phone™ voice recognition service. Schwab PCRA registered representatives are available Monday through Friday, 9:00 a.m. to 7:30 p.m. (Eastern time). Outside of these hours, Schwab Investor Service Center representatives are available 24 hours a day, seven days a week.
<p>What does it cost?</p>	<ul style="list-style-type: none"> • Transaction fees and trading commissions are outlined in the <i>Charles Schwab Pricing Guide for Retirement Plan and Health Savings Accounts</i> provided in the welcome materials you receive from Schwab after opening your account. • Please note that there is no charge from Schwab to open or maintain a Schwab PCRA.
<p>What information is available to help me learn about and select investments?</p>	<ul style="list-style-type: none"> • Powerful proprietary research tools on schwab.com, including Schwab Equity Ratings™⁴, the <i>Schwab Mutual Fund OneSource Select List</i>®¹ and the <i>Schwab ETF OneSource Select List</i>™². In addition, Schwab provides independent, third-party research from leading providers such as Credit Suisse, Argus Research, CFRA, Morningstar®, Reuters and MarketEdge®. • Equity, mutual fund, exchange-traded fund and fixed income screener tools to help you choose your investments. • Knowledgeable Schwab PCRA Call Center representatives who can help with investing information. • Online or in-person investing workshops led by Schwab investment professionals covering timely topics. • Information about Schwab PCRA at www.Schwab.com/pcra. • Once logged into your Schwab PCRA on Schwab.com, view the Schwab PCRA how-to video, as well as other helpful information contained in the PCRA Resources section. • Over 360 Schwab branch offices nationwide to help with your other investing needs.
<p>How do I invest the money in my Schwab PCRA?</p>	<p>Assets transferred from your retirement plan core account into your Schwab PCRA will be automatically allocated into the cash sweep feature⁵ in your Schwab PCRA within approximately two business days. Use these assets to purchase the securities you have selected.</p>
<p>Can I make direct payroll contributions to my Schwab PCRA?</p>	<p>Your retirement plan allows you to direct up to 95% of your future contributions directly into your Schwab PCRA. Contributions will be transferred directly into the cash sweep feature in your Schwab PCRA.</p>
<p>What cash options are available in Schwab PCRA?</p>	<p>The cash feature is not intended to be a long-term investment. If you desire to maintain cash balances for other than a short-term period and/or are seeking the highest yields currently available in the market, you can use alternative cash investment options, such as Schwab purchased money market funds and Certificates of Deposit (CDs) from Schwab CD OneSource®⁶. These options are available outside of the Cash Features Program to help maximize your return potential, consistent with your investment objectives and risk tolerance.</p> <p>For additional information, contact your Schwab representative or visit www.schwab.com/cash after you log in to your account.</p>

How do I transfer money from my Schwab PCRA back to the other core investments in my retirement plan? If required, visit Schwab.com or call the Schwab PCRA Call Center to liquidate securities to make cash available for transfer. As soon as settled cash is available in the cash sweep feature in your Schwab PCRA, you may transfer the assets back to your retirement plan core investments.

Who provides my Schwab PCRA statements? Schwab will send you a Schwab PCRA statement each month regardless of reportable activity. In addition, your PCRA balance will be shown on your Southwest Airlines Pilots Retirement Savings Plan statement. You can access your Schwab PCRA statement, see your balance, and view all transactions made within the last two years by logging into your Schwab PCRA on Schwab.com. You can enroll in Schwab's paperless service and electronically receive your statements, trade confirms, and other regulatory materials by email by going to schwab.com/paperless.

Is there a minimum transfer required? Your retirement plan does not require a minimum amount for initial and subsequent transfers into your Schwab PCRA. However, you can only invest up to 95% of your plan balance in a Schwab PCRA.

¹ Charles Schwab & Co., Inc. (Member SIPC) receives remuneration from fund companies for recordkeeping and shareholder services, and other administrative services for shares purchased through Schwab's Mutual Fund OneSource® program. Schwab may also receive remuneration from transaction fee fund companies for certain administrative services. Trades in no-load funds available through Schwab's Mutual Fund OneSource service (including Schwab Funds®), as well as certain other funds, are available without transaction fees when placed through Schwab.com or our automated phone channels. Schwab reserves the right to change the funds we make available without transaction fees and to reinstate fees on any funds. Funds are also subject to management fees and expenses.

Schwab's short-term redemption fee will be charged on redemption of funds (except certain Schwab Funds) bought through Schwab's Mutual Fund OneSource program (and certain other funds) with no transaction fee and held for 90 days or less. Schwab reserves the right to exempt certain funds from this fee, including Schwab Funds®, which may charge a separate redemption fee, and funds that accommodate short-term trading. For participants who utilize the Personal Choice Retirement Account (PCRA), the following fees and conditions may apply: Schwab's short-term redemption fee of \$49.95 will be charged on redemption of funds purchased through Schwab's Mutual Fund OneSource® service (and certain other funds with no transaction fee) and held for 90 days or less. Schwab reserves the right to exempt certain funds from this fee, including Schwab Funds®, which may charge a separate redemption fee, and funds that accommodate short-term trading.

² Conditions apply: Trades in ETFs available through Schwab ETF OneSource (including Schwab ETFs™) are available without commissions when placed online through a Schwab account. Service charges apply for trade orders placed through a broker (\$25). An exchange processing fee applies to sell transactions. Certain types of Schwab ETF OneSource transactions are not eligible for the commission waiver, such as short sells and buys to cover (not including Schwab ETFs). Schwab reserves the right to change the ETFs we make available without commissions. All ETFs are subject to management fees and expenses. Please see the Charles Schwab Pricing Guide for Retirement Plan Accounts (the Pricing Guide) for additional information. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. Shares are bought and sold at market price, which may be higher or lower than the net asset value (NAV).

Charles Schwab & Co., Inc. receives remuneration from third-party ETF companies participating in Schwab ETF OneSource™ for recordkeeping, shareholder services, and other administrative services, including program development and maintenance. Third-parties are not affiliated with Schwab. Schwab makes no representation about the accuracy of the information by them or its appropriateness for any given situation.

Schwab ETFs™ are distributed by SEI Investments Distribution Co. (SIDCO). SIDCO is not affiliated with Charles Schwab & Co., Inc. Learn more at schwab.com/SchwabETFs.

³ Options carry a high level of risk and are not suitable for all investors. Certain requirements must be met to trade options through Schwab. Please read the options disclosure document titled "Characteristics and Risks of Standardized Options." Call Schwab at 1-800-435-4000 for a current copy. Supporting documentation for any claims or statistical information is available upon request.

⁴ Schwab Equity Ratings and the general buy/hold/sell guidance are not personal recommendations for any particular investor or client and do not take into account the financial, investment or other objectives or needs of, and may not be suitable for any particular investor or client. Investors and clients should consider Schwab Equity Ratings as only a single factor in making their investment decision while taking into account the current market environment.

⁵ Settled cash balances are swept to one or more banks after the close of business and begin earning interest on the following Business Day. A "Business Day" is any Monday through Friday that is not a Federal Reserve Bank or New York Stock Exchange holiday. Bank Sweep for Benefit Plans deposits are held at one or more FDIC-insured banks ("Affiliated Banks") that are affiliated with Charles Schwab & Co., Inc. ("Schwab"). Investment products and services (including unswept or intra-day cash, net credit or debit balances, money market funds, and assets held in a Schwab Personal Choice Retirement Account®) are not deposits or obligations of the Affiliated Banks, are subject to investment risk, are not FDIC insured, may lose value, and are not Affiliated Bank-guaranteed. The Affiliated Banks, Schwab Retirement Plan Services, Inc., and Schwab are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation.

⁶ CDs from Schwab CD OneSource are issued by FDIC-insured institutions, and are subject to change and system access. Funds are FDIC-insured up to \$250,000 per depositor per insured institution, based on account ownership type. Visit www.fdic.gov for details. For most CDs, there are no additional commission charges when you buy a CD through Schwab CD OneSource. However, there may be costs and market value adjustments associated with early redemption.

Schwab Personal Choice Retirement Account® (PCRA) is offered through Charles Schwab & Co., Inc. (Member SIPC), a registered broker-dealer which also provides other brokerage and custody services to its customers.