

# Schwab Personal Choice Retirement Account® (PCRA)

## Fact Sheet

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SCHWAB

*Own your tomorrow™*

Schwab Personal Choice Retirement Account is a self-directed brokerage account (SDBA) designed to complement your City of Milwaukee Deferred Compensation Plan core investments. PCRA gives you greater access to thousands of additional investment choices.

### Who should choose to invest through PCRA?

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

### How does PCRA differ from a typical brokerage account?

Because your assets are part of the City of Milwaukee Deferred Compensation Plan, your investments are tax-deferred. You can only fund your PCRA through transfers from your City of Milwaukee Deferred Compensation Plan core investments.

If you have any other accounts with Schwab, such as an Individual Retirement Account (IRA), you cannot transfer assets between such accounts and PCRA.

### What investments are available through PCRA?

Through PCRA, you can access more than 8,000 mutual funds from over 640 well-known fund families. Over 4,500 mutual funds are available with no-loads and no-transaction fees<sup>1</sup>, including over 2,200 load-waived funds typically available only to institutional clients. You'll also have access to 226 commission-free exchange-traded funds<sup>2</sup> through Schwab ETF OneSource™. Other investments also include individual stocks from all the major exchanges, 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 and protective puts, if permitted by your employer and approved by Schwab.)<sup>3</sup>

**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](http://www.schwab.com/prospectus). Please read the prospectus carefully before investing.**

### Does the Milwaukee Deferred Compensation Board or Plan staff review or monitor the investments through the PCRA?

The PCRA allows you to invest in thousands of investment products that are not subject to the Board's review and scrutiny. Accordingly, neither the Board nor Plan staff can make any representations regarding the riskiness, costs, or appropriateness of such investments. Additionally, investments in the PCRA may have higher fees and expenses than similar investments offered through the Plan's standard investment alternatives. You may choose to consult and/or hire a third-party advisor to manage assets allocated to the PCRA. However, any advisor retained by you is not subject to review by the Board and your retention of such advisor may result in your incurring substantial additional fees that are unknown to the Plan, its Board, or its staff. Neither the Board nor Plan staff acts in a fiduciary capacity with respect to the allocation of any portion of your Plan assets to the PCRA, nor with respect to any individual investments made by you under the PCRA. If you invest in the PCRA, you agree to accept all investment risks of your PCRA investments.

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## How do I open my PCRA?

1. Go to [www.milwaukeeedcp.com](http://www.milwaukeeedcp.com) to log into your account. Once you are logged in, click on “Investments”, then “Fund Information”, scroll down to Other. To open your application, click on the “Schwab Self-Directed Brokerage” link.
2. Input the following information along with your Social Security number: follow the steps to complete the online PCRA Application.
  - Schwab Plan ID: **3780**
  - Login: **Milwaukee**
  - Password: **sdba**Please note: the login ID and Password are case sensitive.
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 “New User” (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 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.

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## How do I transfer money into my PCRA?

Once your Schwab PCRA is established, you fund your PCRA by transferring money from your City of Milwaukee Deferred Compensation Plan core investments in a three-step process:

- Determine from which of your other core investments you want to transfer money.
- Decide on the amount to transfer. Please see chart below for minimum transfer restriction requirements.
- Go to the City of Milwaukee Deferred Compensation Plan website at [www.milwaukeeedcp.com](http://www.milwaukeeedcp.com) or contact the toll-free Plan Information Line at 844-360-MDCP (6327) to initiate a transfer.

Restriction	Who this Effects		Description
	Existing PCRA Holders	New PCRA Holders	
Minimum MDCP Account Balance must be at least \$100,000	Y	Y	You must have at least \$100,000 in total MDCP assets (including PCRA investments) to transfer initial or additional money into the PCRA
Maximum PCRA balance cannot exceed 75% of total MDCP balance	Y	Y	You may not transfer money into the PCRA that results in your PCRA balance exceeding 75% of your total MDCP balance
Initial minimum transfer into PCRA of \$10,000	N	Y	In order to open up a PCRA account you must make an initial transfer of at least \$10,000
Minimum ongoing transfers into PCRA of \$5,000	Y	Y	Additional transfers into the PCRA must be for at least \$5,000

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## How do I place trades and manage my PCRA?

- 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 PCRA number to manage your account. Select “Research” to narrow down your choices, then click on “Trade” to place trade orders.
- For phone services, call 1-888-393-PCRA (7272) to speak to a dedicated PCRA Call Center representative, to access TeleBroker® touch tone service, to use Schwab by Phone™ voice recognition service or to enroll in voice ID. PCRA Registered Representatives are available Monday through Friday, 9:00 a.m. to 7:30 p.m. (ET). Outside of these hours, Schwab Investor Service Center representatives are available 24 hours a day, seven days a week.

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## What does it cost?

- Transaction fees and trading commissions are outlined in the *Charles Schwab Pricing Guide for Retirement Plan Accounts* provided in the welcome materials you receive from Schwab after opening your account.
- The City of Milwaukee Deferred Compensation Plan charges \$50 to open a PCRA and a \$50 annual maintenance fee, deducted pro rata on a monthly basis from your core investment options/PCRA.
- The Plan may charge an asset-based fee to defray the operational and administrative expenses of the Plan, which would be calculated based on the assets in the PCRA, but deducted pro rata from your core investment options.
- If you hire an outside investment advisor, the fees charged by that investment advisor are in addition to and paid separately from PCRA fees and expenses.

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**What information is available to help me learn about and select investments?**

- Powerful proprietary research tools on Schwab.com, including Schwab Equity Ratings™<sup>4</sup>, the *Schwab Mutual Fund OneSource Select List*<sup>®1</sup> and the *Schwab ETF OneSource Select List*<sup>™2</sup>. In addition, Schwab provides independent, third-party research from leading providers such as Credit Suisse, Argus Research, Standard & Poor's, Morningstar®, Reuters and MarketEdge®.
- Equity, mutual fund, exchange-traded fund and fixed income screener tools to help you choose your investments.
- Knowledgeable PCRA Call Center representatives who can help with investing information.
- Online or in-person investing workshops led by Schwab investment professionals.
- Find information about PCRA at [www.schwab.com/pcra](http://www.schwab.com/pcra).
- Once logged into your PCRA on Schwab.com, view the PCRA "How-to" video, as well as other helpful information contained in the "PCRA Resources" section.
- Over 330 Schwab branch offices nationwide to help with your other investing needs.

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**How do I invest the money in my PCRA?**

Assets transferred from the City of Milwaukee Deferred Compensation Plan core account into your PCRA will be automatically allocated into the cash sweep feature in your PCRA within approximately two business days.<sup>5</sup> Use these assets to purchase the securities you have selected.

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**Can I make direct payroll contributions to my PCRA?**

No, direct contributions into your Schwab PCRA are not allowed.

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**What cash options are available in PCRA?**

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<sup>®6</sup>. These options are available outside of the Cash Features Program to help maximize your return potential, consistent with your investment objectives and risk tolerance.

For additional information, contact your Schwab representative or visit [www.schwab.com/cash](http://www.schwab.com/cash) after you log in to your account.

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**How do I transfer money from my PCRA back to the other core investments in my retirement plan?**

Visit Schwab.com or call the 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 PCRA, you may transfer the assets back to your City of Milwaukee Deferred Compensation Plan core investments. Go to the City of Milwaukee Deferred Compensation Plan website at [www.milwaukeeedcp.com](http://www.milwaukeeedcp.com) or contact the toll-free Plan Information Line at 844-360-MDCP (6327) to initiate a transfer.

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**Is there a minimum transfer required?**

The City of Milwaukee Deferred Compensation Plan requires a minimum amount for initial and subsequent transfers into your PCRA. Please contact your benefits department for more details or see the chart on the previous page.

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**Who provides my PCRA statements?**

Schwab will send you a PCRA statement each month if you have reportable activity. Otherwise, you'll receive a quarterly statement. You can access your PCRA statement, see your balance, and view all transactions made within the last two years by logging into your PCRA on Schwab.com. You can enroll in Schwab's Paperless Service and electronically receive your statements, trade confirms, and other regulatory materials via email by going to [www.schwab.com/paperless](http://www.schwab.com/paperless).

**Can I move assets directly from the stable value account into the brokerage widow?**

No. The stable value account is subject to what is called a “transfer restriction” (a.k.a. an “equity wash”). This restriction is industry standard for stable value products. Specifically, it prohibits participants from transferring funds directly from the stable value account to any competing investment option, such as short-term/less than 3 year bond funds, self-directed brokerage accounts, and money market accounts. Competing investment options have similar risk profiles to stable value funds, and during certain interest rate environments could offer similar (or higher) returns. To protect stable value investors, participants leaving stable value must first transfer money into a non-competing option for a period of at least 90 days. The plan’s recordkeeping system automatically administers this transfer restriction. The purpose of the transfer restriction is to prohibit any arbitrage opportunities between the stable value account and short-term money market or bond investments. Self-directed brokerage windows are considered competing investment options because typically the default within the SDBA is a money market fund. The transfer restriction protects all stable value investors from adverse financial experiences that could occur as a result of participant investment decisions (see explanation below). There are no restrictions on transferring cash from any of the other plan investment options into the stable value account.

Detailed explanation of why, without a transfer restriction, the stable value account could be adversely impact by participant-directed transfers during periods when the stable value account’s market-to-book value ratio (MV/BV ratio) is below 100%: For illustration purposes, assume that a stable value fund is in a market value deficit position where the MV/BV ratio is 98.0%. This means that every \$1 in book value is supported by 98 cents in market value. In this example, should 50% of the stable value investors decide to transfer to another investment option, then the MV/BV ratio would decline to 96.0%. The same 2% market value deficit would be amortized over an asset base that is half of what it was prior to the transfer. The lower 96% MV/BV ratio would then be reflected in the next crediting rate reset on the benefit responsive wrap contracts, causing the crediting rate to decline in order to amortize the larger deficit position. Crediting rates are reset monthly in a manner to cause the BV and MV to converge over a period equal to the duration of the stable value fund (approximately 3 years).

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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 of Risks of Standardized Options.” Covered calls provide limited downside protection and limit profit potential. Hedging and protective strategies generally involve additional costs and do not assure a profit or guarantee against loss.

<sup>4</sup> 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.

<sup>5</sup> You could lose money by investing in a money market fund. All Schwab Money Funds with the exception of Schwab Variable Share Price Money Fund seek to preserve the value of your investment at \$1.00 per share, but cannot guarantee they will do so. Effective October 14, 2016, all Schwab Money Funds with the exception of Schwab Government Money Fund, Schwab Retirement Government Money Fund, Schwab U.S. Treasury Money Fund, Schwab Treasury Obligations Money Fund and Schwab Government Money Market Portfolio may impose a fee upon the sale of your shares or may temporarily suspend your ability to sell shares if the fund’s liquidity falls below required minimums because of market conditions or other factors. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The money market fund’s sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

<sup>6</sup> 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](http://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.