

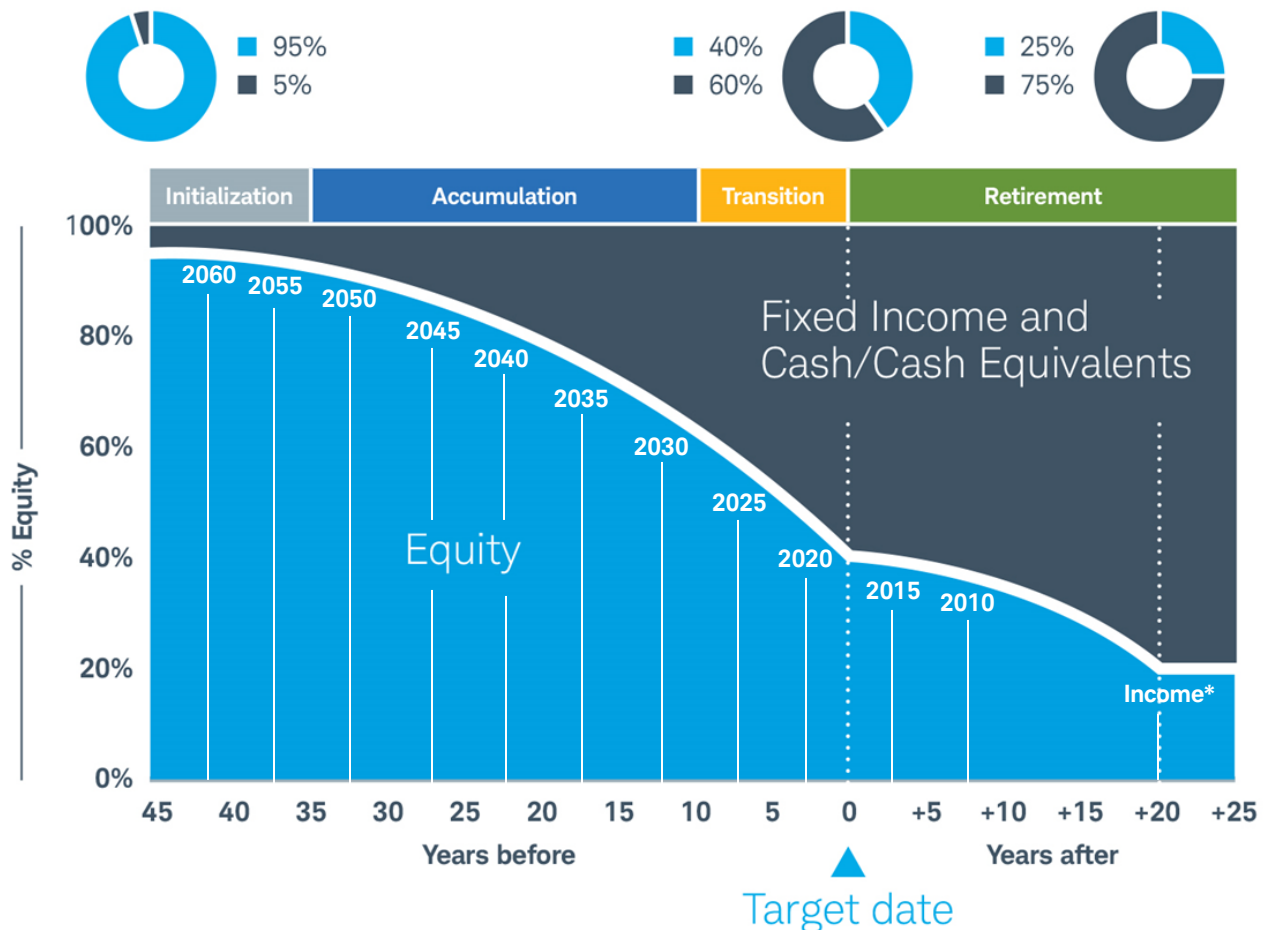
January 16, 2018

Charles Schwab Bank Collective Trust Funds Announcement

Schwab Managed Retirement Trust Funds™ (SMRT Funds) Schwab Indexed Retirement Trust Funds® (SIRT Funds)

Charles Schwab Bank announces the release of the 2018 target date policy allocations.

Charles Schwab Bank is pleased to release the 2018 policy allocations for the SMRT and SIRT funds and the custom index which will be effective January 31, 2018. There are no changes to the funds' intended glide path strategy, and each of the funds will continue to transition from equity to fixed income and cash equivalents over time as depicted below.



Equity includes domestic equity, international equity, emerging markets equity, commodities and global real estate. Fixed income includes intermediate-term bond, world bond, short-term bond and inflation-protected bond.

*The Schwab Managed Retirement Trust Income Fund available in the SMRT series only is designed as a single investment portfolio that maintains a policy allocation that is intended to remain static and does not seek to distribute income.

Sub-Asset Class enhancements:

Charles Schwab Bank reviews the strategic asset allocation framework and capital market expectations on an annual basis, seeking opportunities to further enhance the funds on a long-term basis for investors.

In 2018 the funds will make the following adjustments within the equity allocation of each portfolio: non-U.S. developed and emerging markets equities will be increased through a like reduction in U.S. equities and commodities. The shift ranges from 0.5% in the earlier dated funds to 5.5% in the later dated funds. All other strategic asset allocations positions and our planned annual adjustments from equity into fixed income remain consistent with our long term strategic strategy as shown above.

Rationale:

- We believe increasing non-U.S equities will provide additional geographic diversification while reducing single-country risks.
- These enhancements remain consistent with our strategic beliefs to align allocations with investors' life stages, providing higher exposure to more volatile asset classes early in the glide path to support long-term wealth accumulation, then shifting to more conservative positions as the glide path progresses to protect investors' savings.

2018 SMRT Policy Allocations

Schwab Managed Retirement Trust Funds™ (SMRT Funds) 2018 Policy Allocations—Fund Assets													
Category	Fund Holding	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income
Equity		95.0	93.5	91.0	88.1	83.0	76.0	68.4	59.1	46.3	38.9	36.5	25.0
Large Value	Schwab Instl Large Cap Value Trust Fund-Instl (Dodge & Cox)	13.4	13.2	12.9	12.6	11.9	10.9	9.8	8.4	6.4	5.4	5.2	3.7
Large Blend	BNY Mellon Large Cap Stock Index Fund Instl	13.2	13.3	13.5	13.6	13.8	13.9	13.8	13.2	11.8	10.8	10.3	7.4
Large Growth	Schwab Instl Large Cap Growth Trust Fund-Instl (Wellington)	13.4	13.2	12.9	12.6	11.9	10.9	9.8	8.4	6.4	5.4	5.2	3.7
Mid-Cap Blend	Vanguard Mid-Cap Index Fund Instl Plus (VMCPX)	8.6	8.4	8.0	7.6	6.9	5.9	5.0	4.0	3.0	2.4	2.3	1.5
Small Blend	BNY Mellon Small Cap Stock Index Fund Instl	1.6	1.6	1.6	1.6	1.5	1.5	1.3	1.2	1.0	0.9	0.8	0.5
Small Blend	Schwab Instl Small Cap Trust Fund-Instl ^{1*}	6.3	6.1	5.8	5.4	4.8	3.9	3.2	2.4	1.6	1.3	1.2	0.8
Foreign Large Blend	Schwab Instl International Diversified Trust Fund-Instl ²	29.2	28.6	27.7	26.7	24.9	22.5	20.0	16.8	12.8	10.8	9.8	6.2
Diversified Emerging Markets	SSgA Emerging Markets Index Fund A	3.2	3.1	2.9	2.6	2.2	1.7	1.3	0.9	0.6	0.0	0.0	0.0
Global Real Estate	BlackRock Developed Real Estate Index Fund E	4.8	4.7	4.5	4.4	4.2	3.8	3.4	3.0	2.3	1.9	1.8	1.3
Commodities Broad Basket	BlackRock Commodity Index Fund E	1.2	1.2	1.2	1.1	1.1	1.0	0.8	0.7	0.5	0.0	0.0	0.0
Fixed Income		4.5	5.9	8.1	10.7	15.3	21.6	28.4	36.8	48.0	54.3	56.3	65.6
Short-Term Bond	BNY Mellon Active 1-5 Year U.S. Aggregate Bond Fund	0.5	0.7	0.9	1.3	1.9	2.8	3.9	5.5	7.8	9.3	9.8	12.4
Intermediate-Term Bond (Core)	BNY Mellon U.S. Aggregate Bond Index Fund Instl	0.0	0.0	0.1	0.2	0.4	0.9	1.6	2.7	4.8	6.1	6.3	7.3
Intermediate-Term Bond (Core Plus)	Schwab Instl Core Plus FI Trust Fund III ³	3.3	4.2	5.8	7.5	10.5	14.4	18.4	22.5	27.7	30.5	31.6	36.6
Inflation-Protected Bond (U.S. TIPS)	BlackRock U.S. TIPS Index Fund E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	4.2	6.1	6.3	7.5
World Bond	BlackRock Global Aggregate Bond Fund Ex-USD	0.8	1.0	1.3	1.8	2.5	3.5	4.5	4.6	3.4	2.4	2.3	1.9
Cash Equivalents		0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2	9.4
Cash Equivalents	State Street U.S. Government Short Term Investment Fund	0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2	9.4

2017 SMRT Policy Allocations

Schwab Managed Retirement Trust Funds™ (SMRT Funds) 2017 Policy Allocations—Fund Assets													
Category	Fund Holding	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income
Equity		95.0	94.0	91.5	88.8	84.3	77.4	70.1	61.2	49.2	39.3	37.1	25.0
Large Value	Schwab Instl Large Cap Value Trust Fund-Instl (Dodge & Cox)	14.4	14.3	13.9	13.5	12.9	11.8	10.7	9.2	7.2	5.7	5.4	3.8
Large Blend	BNY Mellon Large Cap Stock Index Fund Instl	14.2	14.3	14.4	14.5	14.7	14.8	14.7	14.2	12.8	11.5	10.9	7.5
Large Growth	Schwab Instl Large Cap Growth Trust Fund-Instl (Wellington)	14.4	14.3	13.9	13.5	12.9	11.8	10.7	9.2	7.2	5.7	5.4	3.8
Mid-Cap Blend	Vanguard Mid-Cap Index Fund Instl Plus (VMCPX)	9.2	9.1	8.7	8.2	7.5	6.5	5.5	4.5	3.4	2.6	2.4	1.5
Small Blend	BNY Mellon Small Cap Stock Index Fund Instl	1.9	1.9	1.9	1.9	1.8	1.7	1.6	1.5	1.3	1.1	1.0	0.6
Small Blend	Schwab Instl Small Cap Trust Fund-Instl ^{1*}	7.5	7.3	6.9	6.5	5.8	4.9	4.0	3.1	2.2	1.6	1.5	0.9
Foreign Large Blend	Schwab Instl International Diversified Trust Fund-Instl ²	23.8	23.5	22.9	22.1	20.9	19.0	17.1	14.6	11.5	9.1	8.6	5.7
Diversified Emerging Markets	SSgA Emerging Markets Index Fund A	3.1	3.0	2.8	2.5	2.2	1.7	1.3	1.0	0.6	0.0	0.0	0.0
Global Real Estate	BlackRock Developed Real Estate Index Fund E	4.8	4.7	4.6	4.4	4.2	3.9	3.5	3.1	2.5	2.0	1.9	1.3
Commodities Broad Basket	BlackRock Commodity Index Fund E	1.7	1.7	1.6	1.5	1.4	1.2	1.1	0.8	0.6	0.0	0.0	0.0
Fixed Income		4.5	5.4	7.7	10.1	14.1	20.3	26.9	34.9	45.4	54.0	55.9	65.6
Short-Term Bond	BNY Mellon Active 1-5 Year U.S. Aggregate Bond Fund	0.5	0.6	0.9	1.2	1.7	2.6	3.7	5.1	7.2	9.2	9.7	12.4
Intermediate-Term Bond (Core)	BNY Mellon U.S. Aggregate Bond Index Fund Instl	0.0	0.0	0.1	0.1	0.3	0.8	1.4	2.5	4.3	6.1	6.3	7.3
Intermediate-Term Bond (Core Plus)	Schwab Instl Core Plus FI Trust Fund III ³	3.3	3.9	5.4	7.1	9.8	13.7	17.6	21.6	26.6	30.3	31.3	36.6
Inflation-Protected Bond (U.S. TIPS)	BlackRock U.S. TIPS Index Fund E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	3.5	6.1	6.3	7.5
World Bond	BlackRock Global Aggregate Bond Fund Ex-USD	0.8	0.9	1.3	1.7	2.3	3.3	4.3	4.7	3.8	2.4	2.3	1.9
Cash Equivalents		0.5	0.6	0.9	1.1	1.6	2.3	3.0	3.9	5.4	6.7	7.1	9.4
Cash Equivalents	State Street U.S. Government Short Term Investment Fund	0.5	0.6	0.9	1.1	1.6	2.3	3.0	3.9	5.4	6.7	7.1	9.4

2018 SIRT Policy Allocations

Schwab Indexed Retirement Trust Funds® (SIRT Funds) 2018 Policy Allocations												
Category	Fund Holding	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010
Equity		95.0	93.5	91.0	88.1	83.0	76.0	68.4	59.1	46.3	38.9	36.5
Domestic Equity	BNY Mellon Large Cap Stock Index Fund Instl	49.8	49.3	48.4	47.4	45.5	42.6	39.3	34.8	28.1	24.6	23.4
Domestic Equity	BNY Mellon Small Cap Stock Index Fund Instl	6.8	6.6	6.3	5.9	5.3	4.5	3.6	2.9	2.0	1.6	1.5
International Equity	BNY Mellon Intl Stock Index Fund Instl	26.1	25.7	24.9	24.1	22.7	20.7	18.7	16.1	12.7	10.8	9.8
Diversified Emerging Markets	SSgA Emerging Markets Index Fund A	6.3	6.1	5.6	5.2	4.4	3.5	2.6	1.7	0.7	0.0	0.0
Global Real Estate	BlackRock Developed Real Estate Index Fund E	4.8	4.7	4.5	4.4	4.2	3.8	3.4	3.0	2.3	1.9	1.8
Commodities Broad Basket	BlackRock Commodity Index Daily Fund E	1.2	1.2	1.2	1.1	1.1	1.0	0.8	0.7	0.5	0.0	0.0
Fixed Income		4.5	5.9	8.1	10.7	15.3	21.6	28.4	36.8	48.0	54.3	56.3
Short-Term Bond	SSgA U.S. Short-Term Government/Credit Bond Index Fund A	0.5	0.7	0.9	1.3	1.9	2.8	3.9	5.5	7.8	9.3	9.8
Intermediate-Term Bond	BNY Mellon U.S. Aggregate Bond Index Fund Instl	3.3	4.2	5.8	7.7	10.9	15.3	20.0	25.3	32.5	36.6	37.9
Inflation-Protected Bond (U.S. TIPS)	BlackRock U.S. TIPS Index Fund E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	4.2	6.1	6.3
World Bond	BlackRock Global Aggregate Bond Fund Ex-USD	0.8	1.0	1.3	1.8	2.5	3.5	4.5	4.6	3.4	2.4	2.3
Cash Equivalents		0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2
Cash Equivalents	State Street U.S. Government Short Term Investment Fund	0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2

2017 SIRT Policy Allocations

Schwab Indexed Retirement Trust Funds® (SIRT Funds) 2017 Policy Allocations												
Category	Fund Holding	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010
Equity		95.0	94.0	91.5	88.8	84.3	77.4	70.1	61.2	49.2	39.3	37.1
Domestic Equity	BNY Mellon Large Cap Stock Index Fund Instl	54.2	53.8	52.8	51.7	49.7	46.6	43.1	38.4	31.7	26.5	25.0
Domestic Equity	BNY Mellon Small Cap Stock Index Fund Instl	7.4	7.2	6.9	6.5	5.9	5.0	4.1	3.2	2.3	1.8	1.6
International Equity	BNY Mellon Intl Stock Index Fund Instl	22.0	21.8	21.2	20.6	19.5	17.9	16.2	14.1	11.3	9.1	8.6
Diversified Emerging Markets	SSgA Emerging Markets Index Fund A	4.9	4.8	4.4	4.1	3.6	2.9	2.2	1.5	0.8	0.0	0.0
Global Real Estate	BlackRock Developed Real Estate Index Fund E	4.8	4.7	4.6	4.4	4.2	3.9	3.5	3.1	2.5	2.0	1.9
Commodities Broad Basket	BlackRock Commodity Index Daily Fund E	1.7	1.7	1.6	1.5	1.4	1.2	1.1	0.8	0.6	0.0	0.0
Fixed Income		4.5	5.4	7.7	10.1	14.1	20.3	26.9	34.9	45.4	54.0	55.9
Short-Term Bond	SSgA U.S. Short-Term Government/Credit Bond Index Fund A	0.5	0.6	0.9	1.2	1.7	2.6	3.7	5.1	7.2	9.2	9.7
Intermediate-Term Bond	BNY Mellon U.S. Aggregate Bond Index Fund Instl	3.3	3.9	5.5	7.2	10.1	14.4	19.0	24.0	30.9	36.4	37.6
Inflation-Protected Bond (U.S. TIPS)	BlackRock U.S. TIPS Index Fund E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.1	3.5	6.1	6.3
World Bond	BlackRock Global Aggregate Bond Fund Ex-USD	0.8	0.9	1.3	1.7	2.3	3.3	4.3	4.7	3.8	2.4	2.3
Cash Equivalents		0.5	0.6	0.9	1.1	1.6	2.3	3.0	3.9	5.4	6.7	7.1
Cash Equivalents	State Street U.S. Government Short Term Investment Fund	0.5	0.6	0.9	1.1	1.6	2.3	3.0	3.9	5.4	6.7	7.1

2018 Custom Index Allocations

Schwab Managed Retirement Trust Funds™ (SMRT Funds) and Schwab Indexed Retirement Trust Funds® (SIRT Funds) 2018 Custom Index Allocations													
Index	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010	Income ¹	
Russell 1000 Index	49.8	49.3	48.4	47.4	45.5	42.6	39.3	34.8	28.1	24.6	23.4	17.1	
Russell 2000 Index	6.8	6.6	6.3	5.9	5.3	4.5	3.6	2.9	2.0	1.6	1.5	0.9	
MSCI EAFE Index (Net)	26.1	25.7	24.9	24.1	22.7	20.7	18.7	16.1	12.7	10.8	9.8	5.7	
MSCI Emerging Markets Index (Net)	6.3	6.1	5.6	5.2	4.4	3.5	2.6	1.7	0.7	0.0	0.0	0.0	
FTSE EPRA/NAREIT Developed Index (Net)	4.8	4.7	4.5	4.4	4.2	3.8	3.4	3.0	2.3	1.9	1.8	1.3	
Bloomberg Commodity Index	1.2	1.2	1.2	1.1	1.1	1.0	0.8	0.7	0.5	0.0	0.0	0.0	
Bloomberg Barclays U.S. 1-3 Year Government/Credit Bond Index	0.5	0.7	0.9	1.3	1.9	2.8	3.9	5.5	7.8	9.3	9.8	12.4	
Bloomberg Barclays U.S. Aggregate Bond Index	3.3	4.2	5.8	7.7	10.9	15.3	20.0	25.3	32.5	36.6	37.9	43.9	
Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4	4.2	6.1	6.3	7.5	
Bloomberg Barclays Global Aggregate Bond ex-US Hedged Index	0.8	1.0	1.3	1.8	2.5	3.5	4.5	4.6	3.4	2.4	2.3	1.9	
Citigroup 3 Month T-Bill Index	0.5	0.7	0.9	1.2	1.7	2.4	3.2	4.2	5.7	6.7	7.2	9.4	

¹Available in the Schwab Managed Retirement Trust Funds (SMRT Funds) series.

The above represent policy allocations for the SMRT & SIRT Funds for 2018 and 2017 and the Custom Benchmark allocations; actual allocations may differ slightly from policy at any point in time. Percentages may not total 100% due to rounding.

Please refer to www.schwabbankfunds.com for the full 2018 and 2017 target date allocations.

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The values of the funds will fluctuate up to and after the target dates. Past performance is no guarantee of future results. There is no guarantee the funds will provide adequate income at or through retirement. Diversification and asset allocation strategies do not ensure a profit and cannot protect against losses in a declining market. The Funds are subject to market volatility and risks associated with the underlying investments. Risks include exposure to international and emerging markets, small company and sector equity securities, and fixed income securities subject to changes in inflation, interest rates, market valuations, liquidity, prepayments, and early redemption. The funds are built for investors who expect to start gradual withdrawals of fund assets on the target date, to begin covering expenses in retirement. The principal value of the funds is not guaranteed at any time, and will continue to fluctuate up to and after the target date.

The Schwab Managed Retirement Trust Funds™, Schwab Indexed Retirement Trust Funds® and Schwab Institutional Trust Funds® are collective trust funds maintained by Charles Schwab Bank (Schwab Bank), as trustee of the Funds. They are available for investment only by eligible retirement plans and entities. Schwab Bank Collective Trust Funds (Funds) are not insured by FDIC or any other type of deposit insurance; are not deposits or other obligations of, and are not guaranteed by Schwab Bank or any of its affiliates; and involve investment risks, including possible loss of principal invested. The Funds are not mutual funds and are exempt from registration and regulation under the Investment Company Act of 1940 (“1940 Act”), and their units are not registered under the Securities Act of 1933, or applicable securities laws of any state or other jurisdiction. Unit holders of the Funds are not entitled to the protections of the 1940 Act. The decision to invest in the Funds should be carefully considered. The Funds’ unit values will fluctuate and may be worth more or less when redeemed, so unit holders may lose money. The Funds are not sold by prospectus and are not available for investment by the public; Fund prices are not quoted in newspapers.

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The Schwab Bank Collective Trust Funds select investments based on advice received from or products offered by industry-recognized investment management firms (“sub-advisors”). The Funds access strategies through various investment vehicles including, but not limited to, collective trust funds, separate accounts, mutual funds, and exchange-traded funds. Exposure to some strategies may be indirect through the investment in other Schwab Bank Collective Trust Funds. See the Funds’ Financial Statements for additional information.

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