

News Release

Contacts:

Michael Cianfrocca
Charles Schwab
Mobile: 415-307-1558

michael.cianfrocca@schwab.com

Gauri Mundkur
Makovsky + Company
Phone: 212-508-9606

gmundkur@makovsky.com

SCHWAB INSTITUTIONAL LAUNCHES NEW OFFER TO HELP ADVISORS MANAGE STAFFING NEEDS IN THE FACE OF FAST-PACED GROWTH

LAS VEGAS, Oct. 29, 2007 — Schwab Institutional, a leading provider of custodial, operational and trading support for independent fee-based investment advisors, today announced a new offer to help advisors manage their human capital needs, including finding new talent, retaining and rewarding existing employees, structuring their organizations more strategically and efficiently, and developing sound succession plans.

The new offer was on display at the IMPACT[®] 2007 conference in Las Vegas, where Schwab is celebrating its 20th anniversary serving the independent advisor industry.

The new human capital offer, available only to Schwab Institutional clients includes four services: a Human Capital Solutions website with more than 50 tools and resources, an online Career Opportunity Service to help advisors find new employees, an online Compensation Benchmark Tool to help advisors make more informed decisions about compensation and two new compensation white papers, *Creating An Effective Compensation Plan* and *Developing & Implementing An Incentive Compensation Plan*.

More than one-third (35%) of firms participating in the recent Schwab Institutional RIA Benchmarking: Growth Trends Study reported that hiring talent was a key challenge, ranking it the second biggest barrier to growth and firm productivity.

Specific elements of the offer include:

- Resources to help align organizational structure to firm strategy
- Tools to plan for capacity and future staffing needs
- Guidance on strategic and systematic recruiting and hiring
- Compensation planning for recruiting and retention
- Resources for developing retention programs including performance management and employee development
- Strategies for succession planning to transfer firm ownership

Through the new offer, which is available at no additional cost, advisors will also have access to:

- **Personalized Support:** Experienced business consultants and account managers offering one-on-one support to help advisors identify and solve key human capital issues, specific to the size, development stage and resources of each firm
- **Knowledge-Sharing Events:** Workshops, conferences, and roundtables throughout the year providing opportunities for hands-on learning and the sharing of ideas with peers and experts



- **Comprehensive Resources:** Dynamic websites and industry-leading publications providing immediate access to educational content, tactical templates, in-depth reports, and a proprietary Compensation Benchmarking Tool

Along with this new offer, Schwab Institutional recently announced a new relationship with national human resources outsourcing company TriNet to provide healthcare and benefit services for independent investment advisors and their employees.

“Finding, retaining and compensating talent is clearly a critical need for advisory firms that are determined to harness the exponential growth we are seeing in the industry,” said Kelli Cruz, Schwab Institutional director of advisor practice management. She noted that the RIA industry is growing at approximately 20 percent a year.

Schwab Institutional’s new human capital tools and resources are part of GrowthPoint, the company’s integrated practice management program for RIAs seeking proven ways to manage and evolve their businesses. GrowthPoint comprises four offerings: Business Strategy and Planning, Human Capital, Marketing and Business Development, and Transition Planning.

Tools that Address Advisors’ Needs

Schwab Institutional’s new Compensation Benchmark Tool is an online database that provides advisor firm principals with compensation-related information for more than 20 different advisory firm job descriptions based on RIA-specific salary survey data. Site users have the ability to screen compensation information across a variety of search fields, including job title, employee experience, firm type, firms size, and geographic location.

The Human Capital Solutions website is a resource for advisors seeking proven best practices in implementing an effective organizational model and building teams that match the firm’s core objectives and values. The site contains tools and templates, such as sample organizational charts, capacity planning worksheets, recruiting tips and tactics, sample job descriptions, interview checklists, and sample career paths. It also provides advisors with a link to the Schwab Institutional Career Opportunity Service, an online employment database dedicated solely to serving the independent investment advisory industry, where advisors can recruit experienced, qualified professionals.

Two New Industry Reports

Schwab Institutional’s two new white papers address best practices in compensation and incentive compensation. The first report, *Creating An Effective Compensation Plan*, identifies key elements in a successful plan for compensating employees and discusses the evolution of how advisory firms use the plans to maximize productivity and performance.

“The compensation trends discussed in the report vividly illustrate the lengths to which firms will go to attract and retain top talent,” commented Cruz. “From 2002 to 2006, advisors averaged 64 percent more base salary and total compensation, were twice as likely to have ownership, and nearly 50 percent more likely to have a retirement plan.”

The second report, *Developing & Implementing An Incentive Compensation Plan*, shares strategies for designing incentive plans that motivate and reward employees, including determining what kind of plan is right for different kinds of firms, identifying specific plan structures for different roles within a firm, and implementing and managing a plan.

According to the report, incentive compensation plans are increasingly popular among advisory firms. In 2006, 25 percent of firms maintained an incentive pool, up from 18 percent in 2004. Firms with performance-based incentive plans had an average profit margin of 21.1 percent in 2006, compared to 17.2 percent for firms without a plan.

About Schwab Institutional

Schwab Institutional is a leading provider of custodial, operational and trading support for independent investment advisors. Since 1987, Schwab Institutional has supported independent investment advisors by offering support and services to help grow their businesses and help their clients reach their financial goals. As of September 30, 2007, client assets custodied with Schwab Institutional stood at \$581 billion. These assets, managed by the approximately 5,500 independent advisor firms Schwab Institutional currently serves, represent approximately one-third of total client assets custodied with The Charles Schwab Corporation. Brokerage products offered by Schwab Institutional are not FDIC insured, are not guaranteed deposits, and are subject to investment risk, including the possible loss of principle invested. Schwab Institutional is a division of Charles Schwab & Co., Inc.

About Charles Schwab

The Charles Schwab Corporation (Nasdaq: SCHW) is a leading provider of financial services, with more than 306 offices and 6.9 million client brokerage accounts, 1.2 million corporate retirement plan participants, 212,000 banking accounts, and \$1.4 trillion in client assets. Through its operating subsidiaries, the company provides a full range of securities brokerage, banking, money management and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member SIPC, <http://www.sipc.org>), and affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through its Schwab Institutional division. The Charles Schwab Bank, N.A. (member FDIC) provides banking and mortgage services and products. CyberTrader[®], Inc. (member SIPC, <http://www.sipc.org>) is an electronic trading technology and brokerage firm providing services to highly active, online traders. More information is available at www.schwab.com. (1007-1699)

###