

# News Release

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## OVERALL ALLOCATION LEVELS IN SELF-DIRECTED BROKERAGE ACCOUNTS REMAIN STEADY

For the first time, Schwab research reveals trading and holding differences among age groups

**SAN FRANCISCO, September 28, 2004** — After four consecutive quarters of increasing exposure to equities and mutual funds, Charles Schwab Corporate Services' second-quarter 2004 *SDBA Indicators* report reveals that self directed brokerage account (SDBA) investors remained static in their SDBA-account asset allocation - allocations to equities and mutual funds remained at the same levels as in the first-quarter 2004.

"In an election year, it's understandable that investors are cautious," said Mark Coffrini, Schwab Corporate Services vice president. "But by mid-year we usually see a return to normal activity and the slowdown in the second-quarter indicates that investors are staying on the sidelines and waiting for geopolitical issues to shake out and for the presidential election to be over. It will be interesting to track behavior following the election and watch for renewed activity."

While asset allocation remained neutral, 44 percent of asset flows in the second quarter were accounted for by mutual funds, down from 62 percent the previous quarter, while equity-asset flows moved upward from a first-quarter reading of 33 percent to 39 percent in the second quarter.

### ***SDBA Indicators: Key Age Differences from Q2 2004 Report***

For the first time in the report's history, Schwab broke out the investment behavior and trading patterns among SDBA account holders in various age groups. Not surprisingly, the investing style of SDBA account holders seems to progress naturally as they age: Those age 50+ keep a greater percentage of their 401(k) assets in their SDBA - demonstrating a preference for the increased choice SDBAs offer. They also have higher account balances - with more money to invest, and a higher percentage invested through SDBAs, the oldest investors tend to trade more actively. Older account holders also appear to opt for less volatility, aiming to preserve capital.

Among the highlights:

Account Characteristics	Account Holders 20-39 years old	Account Holders 40-49 years old	Account holders 50+
Number of holdings	6.4	8.7	12.2
Percentage of Equities	39%	34%	33%
Percentage of Mutual Funds	35%	42%	42%
Percentage of Cash & Equivalents	25%	21%	17%
Percentage of Fixed Income Assets	1%	3%	8%
Trades per quarter	3.7	3.4	4.0
Most widely held equity sector	Information technology	Information technology	Information technology

(more)

SDBAs are brokerage accounts within 401(k) plans and other types of participant-directed defined contribution plans that participants can use to invest in stocks, mutual funds and fixed income securities that are not part of their plan's core fund offerings. Schwab publishes the *SDBA Indicators* report to provide an in-depth look at the demographics and investing activity of plan participants who use the SDBA option.

### **About the *SDBA Indicators* Report**

The *SDBA Indicators* report profiles the investment behavior of approximately 60,000 401(k) plan participants investing through Schwab's self-directed brokerage account for benefit plans, the Schwab Personal Choice Retirement Account® (PCRA).

Schwab has been a leader in the SDBA market since 1994, when it launched the PCRA. The largest provider of SDBAs in the country<sup>1</sup>, Schwab supports more than 6,000 retirement plans with more than 110,000 individual SDBA accounts and more than \$8.5 billion in total retirement assets as of August 2004.

The report includes data collected from participants in defined contribution plans who currently have account balances between \$5,000 and \$2 million in a Schwab PCRA account. Data is extracted monthly on all accounts that are open as of month-end and meet the balance criteria. Except as noted, all statistical information is derived from PCRA accounts across all Schwab distribution channels, which include offering PCRA as a:

- Stand-alone product offered to plan sponsors and coordinated with their retirement plan providers (Schwab currently works with over 400 retirement plan providers)
- Component of Schwab Retirement Plan Services, Inc.'s' 401(k) defined contribution plan offering, SchwabPlan®
- Component of Schwab trust and custody services offered to third party administrators (TPAs)

Data contained in this quarterly report is from the second quarter of 2004. Prior reports are available at [http://scs.schwab.com/retirement\\_plan\\_services/sdba\\_indicators.html](http://scs.schwab.com/retirement_plan_services/sdba_indicators.html).

### **About Charles Schwab Corporate Services**

Charles Schwab Corporate Services provides individual investing support services through employers, including employee retirement and stock option plans, IRA rollovers and individual/personal accounts. Charles Schwab Corporate Services also offers retirement plan services including recordkeeping and related services through Schwab Retirement Plan Services, Inc., proprietary retirement plan recordkeeping systems through Schwab Retirement Technologies®, trustee and custodial services through The Charles Schwab Trust Company, and the Schwab Personal Choice Retirement Account® (PCRA) (self-directed brokerage account through Charles Schwab & Co., Inc.). These entities are affiliates of each other and are wholly owned subsidiaries of The Charles Schwab Corporation. Total client assets in employer-sponsored retirement plans at Schwab equaled \$121 billion at the end of June 2004.

The Charles Schwab Corporation (NYSE:SCH), through Charles Schwab & Co., Inc. (Member SIPC/NYSE), U.S. Trust Corporation, CyberTrader, Inc. (Member SIPC/NASD) and its other operating subsidiaries, is one of the nation's largest financial services firms. (0904-12024)

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<sup>1</sup> McHenry Consulting Group as reported in PLANSPONSOR magazine, October 2003.