

News Release

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CHARLES SCHWAB SEES MORE EMPLOYERS OFFERING ROTH 401(K) Tax Season Presents Good Time to Evaluate if Roth 401(k) is Right for You

SAN FRANCISCO, March 31, 2008 — As employers look for more ways to help their employees save for retirement, Charles Schwab today released new data showing an increase in the number of plan sponsors making the Roth 401(k) available to employees. As of December 31, 2007, 35 percent of Schwab-administered retirement plans were offering the Roth 401(k), a significant increase from 26 percent at the end of 2006. This number is also well above the industry average of around 22 percent, according to a Profit Sharing/401(k) Council of America 2007 Roth 401(k) survey.

“It is no secret that most Americans have to be their own advocate when it comes to retirement savings, but employers are showing a real commitment to helping employees save strategically,” said Dean Kohmann, Charles Schwab vice president of 401(k) plan services. “Tax season is the perfect time for people to take a look at the Roth 401(k) and decide if it makes sense for them.”

Schwab’s Roth 401(k) Calculator

To help people make a determination about whether or not a Roth 401(k) is right for them, Schwab provides a Roth 401(k) Calculator on its website at http://scrs.schwab.com/tools/schwab_roth_401k_calc.htm.

The tool enables plan participants to enter basic information including their expected retirement date, salary and current retirement plan contribution level, and the calculator will compare retirement income for both a traditional 401(k) and a Roth 401(k).

Depending on a person’s individual tax situation, the Roth 401(k) can offer a strategic tax planning opportunity. In a traditional 401(k), contributions are made on a pre-tax basis and taxes are paid when the person takes distributions from the plan. In a Roth 401(k), contributions are made on an after-tax basis and distributions and investment earnings are tax-free assuming the first distribution is at least five years following the first contribution and a person is at least 59 ½ years old.

Kohmann pointed out that a Roth 401(k) makes the most sense for people who expect to be in a higher tax bracket in the future or higher-paid employees who might be precluded from making Roth IRA contributions due to income limitations. A Roth 401(k) can also be rolled into a Roth IRA, which requires no minimum distribution at retirement, presenting certain estate planning opportunities.

Roth 401(k) Picking Up Steam with Employers

“We have seen a steady increase in interest in the Roth 401(k) across most types of employers, but we see the highest buy-in among professional services firms and their employees,” said Kohmann. “This is because employees at these types of firms are generally more likely to work with personal financial advisors who advise them to use Roth 401(k), they typically have higher salaries that disqualify them from contributing to a Roth IRA as part of their tax strategy, and their salaries give them greater leeway to save for retirement on an after-tax basis.”

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Schwab's third party administrator (TPA) clients are also seeing increasing interest in the Roth 401(k) among employers. Steele Capital Management Principal Kevin Timmerman said, "I think we are seeing more employers and employees ask about the Roth 401(k) because everyone is looking for tax advantages, and the Roth 401(k) can be beneficial for many people."

About Schwab Corporate & Retirement Services

Schwab Corporate & Retirement Services provides a broad range of investing services through the workplace, including through employer-sponsored retirement plans direct to corporations or through a nationwide network of more than 300 retirement Third Party Administrators (TPAs). The enterprise also offers the Schwab Personal Choice Retirement Account® and provides employee equity compensation plan services and corporate brokerage services, in addition to a range of recordkeeping, custodial and trustee services, which are available through Charles Schwab Trust Company, a division of Charles Schwab Bank. Schwab Corporate & Retirement Services also includes Charles Schwab Clearing Services (CSCS), which provides mutual fund trading, settlement, and related clearing services to banks, brokerage firms and trust companies. As of December 31, 2007, assets held in plans serviced by Schwab Corporate & Retirement Services stood at \$236.7 billion.

About Charles Schwab

The Charles Schwab Corporation (Nasdaq: SCHW) is a leading provider of financial services, with more than 300 offices and 7.1 million client brokerage accounts, 1.3 million corporate retirement plan participants, 302,000 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 (member FDIC) provides banking and mortgage services and products. More information is available at www.schwab.com. (0308-3317)

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