

News Release

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SCHWAB RELEASES 401(K) PLAN BENCHMARKING INSIGHTS TO PLAN SPONSORS AND TPAs

Industry- and participant-specific data can help employers more effectively measure and improve a plan's results

SAN FRANCISCO, Feb. 9, 2009 —Charles Schwab today released information about 401(k) participation and savings rates broken down across different industries and certain plan participant demographics. The newly released data is part of Schwab's continuing program to make industry insights and benchmarking data compiled from its retirement plan platform available to both plan sponsor and third party administrator (TPA) clients. Schwab is sharing this information with clients to help them more accurately set objectives and measure results for their 401(k) plans by comparing themselves to industry peers and taking into account the different behavior of different kinds of participants.

"Given the growing emphasis companies are placing on the value of 401(k) plans and the increased scrutiny these plans are receiving, it is essential that employers have an accurate measure of plan results," said Dean Kohmann, Charles Schwab vice president of 401(k) plan services. "A close look at the data reveals that companies should have distinct expectations for their plans based on their specific industry, and comparing a plan to more generic data from the entire 401(k) universe might not be the best measure of a plan's success."

Employee Participation and Saving Differ by Industry

Schwab's 401(k) benchmarking data* reveal a 67 percent participation rate and 7.63 percent active savings level across all industries. Yet, the data show different industries should have different expectations for their plans. For example, the overall participation rate in Table 1 (below) is 67 percent. If that rate is used as the comparative benchmark, a plan sponsor in the transportation industry with a participation rate of 62 percent might assume participation is below par. However, using an industry segmentation approach to measurement, average participation within the transportation industry is actually 58 percent, meaning that the sponsor with a 62 percent participation rate has higher participation than its industry average.

The table below shows participation and savings results for plans administered by Schwab in 2007 when participants are organized by industry:

Table 1

Industry	Participation Rate (Weighted)*	Active Participant Savings Levels (Weighted)*
Accounting/Consulting/Business Services	69%	8.18%
Banking & Financial	71	7.60
Building & Construction	62	7.40
Communications	76	7.61
Engineering & Architecture	74	8.19
Entertainment & Recreation	58	7.51
Healthcare	59	6.83
Legal	73	7.85
Manufacturing	65	6.93

Mining / Oil / Gas / Chemicals	73	8.21
Physician Group	65	7.34
Retail	54	6.74
Technology	77	8.25
Transportation	58	6.96
Wholesale	63	6.57
Overall	67	7.63

Demographics Can Impact Employee Behavior in Plans

According to Schwab, while there are several contributing factors to explain why industries have different results in their plans, including an employer's approach to automatic enrollment, savings increase programs and matching contribution levels, participation and savings levels are also significantly affected by a person's salary, age and length of time with the company.

For example, Schwab data show that an average 48 percent of employees earning less than \$30,000 per year participate in their 401(k) plan, compared to an average 77 percent of employees making between \$50,000 and \$74,999 per year.

"While it makes sense that highly-compensated employees are more likely to participate in their company's 401(k) plan, often times employers neglect to take this into account when developing plan objectives and measuring plan results," noted Kohmann.

The table below shows participation and savings results for plans administered by Schwab in 2007 when participants are organized by salary:

Table 2

Salary Level Segment	Participation Rate (Weighted)*	Active Participant Savings Levels (Weighted)*
Less than \$30,000	48%	7.57%
\$30,000-\$49,999	69	7.39
\$50,000-\$74,999	77	8.07
\$75,000-\$99,999	82	8.72
\$100,000-\$249,999	85	8.12
\$250,000 or greater	89	6.76
Overall	67	7.63

In total, Schwab's benchmarking data, which includes both participating plan sponsor and TPA clients, represents two million plan participants and 2,400 plans.

About Charles Schwab

The Charles Schwab Corporation (Nasdaq: SCHW) is a leading provider of financial services, with more than 300 offices and 7.4 million client brokerage accounts, 1.4 million corporate retirement plan participants, 447,000 banking accounts, and \$1.1 trillion in client assets as of December 31, 2008. 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), 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 Advisor Services division. The Charles Schwab Bank (member FDIC) provides banking and mortgage services and products. More information is available at www.schwab.com. (0209-7987)

*2007 annual data is based on 1.9 million participants from 1,777 plans from Schwab and some of its largest TPA clients, including Conrad Siegel Actuaries; Interactive Retirement Systems; Kibble & Prentice; Milliman Inc.; Northwest Plan Services, Inc.; REDW Benefits, LLC; Retirement Direct; Retirement Plan Services, LLC; and Trautmann Maher.