

# Income Tax Withholding Preference Certificate Instructions

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Read these instructions before completing this form. Print or type in dark ink. Initial all corrections. You also can elect your tax withholding preferences online using your *myCalSTRS* account at [myCalSTRS.com](http://myCalSTRS.com).

Use this form to tell CalSTRS the amount of federal and state income tax to withhold from your benefit payments. The method and rate of withholding depends on whether the payment is monthly, a lump sum or an eligible rollover distribution; whether the payment is delivered outside the U.S., or its commonwealths and possessions; and whether the recipient is a nonresident alien individual, a nonresident alien beneficiary or a foreign estate.

The elections you make will take effect within one to two pay periods after we receive your form. If valid, your income tax withholding preferences will remain in effect until you change or cancel them. Because your tax situation may change from year to year, you may want to review your withholdings each year.

**Calculating your withholding:** To calculate the proper amount of tax withholding, use IRS Form W-4P (which has a worksheet and instructions) at [irs.gov](http://irs.gov) for your federal withholding, and EDD Form DE 4P at [edd.ca.gov](http://edd.ca.gov) for your state withholding.

Under federal law, California cannot tax your benefit payment if you reside outside California. If you do not live in California but think you may be liable for California state income tax, you may request CalSTRS to withhold state income tax.

**Choosing not to have income tax withheld:** You (or in the event of death, your beneficiary or estate) can choose not to have federal income tax withheld from your payments that are not eligible for rollover.

**NOTE:** There are penalties for not paying enough federal and state tax during the year, either through withholding or estimated tax payments. See IRS Publication 505, *Tax Withholding and Estimated Tax*, at [irs.gov](http://irs.gov). It explains your estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your benefit payment.

## SECTION 1: YOUR INFORMATION

Enter your full name, Client ID or Social Security number, mailing address, and telephone number. You can find your Client ID on your payment statement and *Retirement Progress Report*. For an estate, enter the estate's Employer Identification number instead of the Social Security number.

## SECTION 2: PAYMENT TYPES

Check the payments you want your withholding preferences applied to. Complete a separate form if you want to elect different withholding amounts for different types of payments. See your benefits application or warrant for account information.

## SECTION 3: TAX WITHHOLDING FOR LIFETIME BENEFIT OR ANNUITY OF 10 YEARS

If you are receiving a lifetime monthly benefit or an annuity of 10 years, indicate your federal and state tax withholding preferences. If you do not complete this section, we must withhold federal and state income tax from your monthly benefit payments as married claiming three withholding allowances.

**Federal tax:** To withhold federal income tax, you must designate the number of withholding allowances and indicate your marital status by checking the appropriate box. You cannot designate a specific dollar amount only to be withheld for federal tax. However, you may designate an additional dollar amount to be withheld. Use the IRS Form W-4P worksheet to calculate your federal tax withholding.

If you do not want any federal income tax withheld, check the appropriate box.

**State tax:** If you want California state income tax withheld, indicate the number of withholding allowances and your marital status by checking the appropriate box, and specify an additional flat dollar amount, if any. Use the EDD Form DE-4P at [edd.ca.gov/pdf\\_pub\\_ctr/de4p.pdf](http://edd.ca.gov/pdf_pub_ctr/de4p.pdf) to calculate state tax withholding. You may designate a dollar amount to withhold instead of claiming withholding allowances.

California does not tax the CalSTRS benefits of nonresidents. To learn more about California residency, see Franchise Tax Board publication 1031, *Guidelines for Determining Resident Status*, at [ftb.ca.gov](http://ftb.ca.gov).

If you do not want any state income tax withheld, check the "Do not withhold California income tax" box.

# Income Tax Withholding Preference Certificate Instructions continued

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## **SECTION 4: TAX WITHHOLDING FOR ROLLOVER ELIGIBLE DISTRIBUTIONS PAID DIRECTLY TO YOU (FOR PERIOD-CERTAIN 3 TO 9 YEARS)**

Distributions that are eligible for rollover but are not directly rolled over to another tax-qualified retirement plan or IRA are subject to a flat 20 percent federal withholding rate and 2 percent for state tax withholding. CalSTRS is required to withhold the federal 20 percent—you *cannot* waive federal tax withholding—but the state tax withholding is optional. If you do not complete this section, we will withhold state income tax from your payment at 2 percent. If you do not want state income tax withheld, check the appropriate box.

CalSTRS will not withhold the 20 percent federal income tax for eligible rollover distributions transferred directly into an IRA or other qualified plan.

Distributions that are not rollover eligible are not subject to the mandatory 20 percent federal income tax withholding. See IRS Publication 505 and the CalSTRS booklet, *Tax Considerations for Rollovers*, for details.

## **SECTION 5: REQUIRED SIGNATURE**

Sign and date your form before submitting it to CalSTRS. Your form will not be accepted without your signature and date.

## **QUESTIONS**

For information about federal tax withholding, contact the IRS at 800-829-1040 or visit [irs.gov](http://irs.gov). For information about state tax withholding, contact the California Franchise Tax Board at 888-792-4900 or visit [ftb.ca.gov](http://ftb.ca.gov).

For additional information, see the *Tax Considerations for Rollovers* booklet, available at [CalSTRS.com](http://CalSTRS.com) or by calling 800-228-5453 to have a booklet mailed to you.

Also read IRS Publication 575, *Pension and Annuity Income*, IRS Publication 919, *How Do I Adjust My Tax Withholding*, and FTB Publication 1005, *Pension and Annuity Guidelines*, or contact a qualified tax professional.

Find a tax withholding calculator at [irs.gov/individuals](http://irs.gov/individuals) to help determine your withholding allowances. Also see the allowance worksheets at [irs.gov/pub/irs-pdf/fw4p.pdf](http://irs.gov/pub/irs-pdf/fw4p.pdf) and [edd.ca.gov/pdf\\_pub\\_ctr/de4p.pdf](http://edd.ca.gov/pdf_pub_ctr/de4p.pdf).

## **PAYMENTS TO FOREIGN PERSONS AND PAYMENTS DELIVERED OUTSIDE THE U.S.**

If you're a U.S. citizen and resident, federal tax withholding is required on monthly or lump-sum payments delivered to you outside the U.S. or its possessions. You *cannot* waive federal income tax withholding in this situation. See IRS Publication 505 at [irs.gov](http://irs.gov) for details.

If you're a nonresident alien, nonresident alien beneficiary and foreign estate, in the absence of a tax treaty exemption, monthly or lump-sum payments generally are subject to a 30 percent federal withholding tax on the taxable portion of payments from U.S. sources. See IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, and IRS Publication 519, *U.S. Tax Guide for Aliens*, at [irs.gov](http://irs.gov).

If you're a foreign person, submit Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, to CalSTRS before receiving any payments.

## **ANNUAL STATEMENT OF FEDERAL INCOME TAX WITHHELD**

By January 31 of next year (and each following year), CalSTRS will furnish a statement to you on Form 1099-R showing the total amount of benefit payments and the total federal income tax withheld during the preceding year. If you're a foreign person who has provided CalSTRS with Form W-8BEN, CalSTRS instead will furnish a statement to you on Form 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding*, by March 15 of the following year.

# Income Tax Withholding Preference Certificate

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**CALSTRS**  
California State Teachers' Retirement System  
P.O. Box 15275, MS 85  
Sacramento, CA 95851-0275  
800-228-5453  
CalSTRS.com

Use this form to indicate how you would like income tax withheld from your CalSTRS benefit payments.

## Section 1: Your Information

Your Name (Last, First, Initial)

Your Client ID or Social Security Number

Address

Phone Number

( )

City

State

ZIP Code

## Section 2: Payment Type

Complete a separate form to elect different withholding amounts for different types of payments.

Payments you want these withholding preferences applied to:

- Service Retirement     Disability     Survivor     Option Beneficiary     Nonmember Spouse     Court-Ordered Payee  
 Defined Benefit Supplement Annuity     Other CalSTRS Payment (please specify) \_\_\_\_\_

## Section 3: Withholding for Lifetime Benefit or 10-Year Annuity

### CALIFORNIA STATE INCOME TAX WITHHOLDING

Do not withhold California state income tax.

OR

Withhold California state income tax.

Withhold California state income tax based on the tax tables for (choose one):

- Married with \_\_\_\_\_ (Enter 0 or number of allowances.)  
 Single with \_\_\_\_\_ (Enter 0 or number of allowances.)  
 Head of household with \_\_\_\_\_ (Enter 0 or number of allowances.)

**Additional withholding: \$ \_\_\_\_\_**  
from each benefit payment in addition to the amount to be withheld based on the state tax tables. You must select one of the options above if you want additional withholding. Enter a dollar amount only.

OR

Withhold only \$ \_\_\_\_\_ from each benefit payment.  
Enter a dollar amount only.

### FEDERAL INCOME TAX WITHHOLDING

Do not withhold federal income tax.

OR

Withhold federal income tax based on the tax tables for (choose one).

- Married with \_\_\_\_\_ (Enter 0 or number of allowances.)  
 Single with \_\_\_\_\_ (Enter 0 or number of allowances.)

**Additional withholding: \$ \_\_\_\_\_**  
from each benefit payment in addition to the amount to be withheld based on the federal tax tables. You must select one of the options above if you want additional withholding. Enter a dollar amount only.

NOTE: A dollar amount cannot be withheld for federal income tax unless you also withhold according to the federal tax tables.

## Section 4: Withholding for Rollover Eligible Distributions Paid to You (Period-Certain Annuities 3-9 Years)

### CALIFORNIA STATE INCOME TAX WITHHOLDING

Withhold 2% California state income tax.

Do not withhold California state income tax.

### FEDERAL INCOME TAX WITHHOLDING

CalSTRS must withhold 20% federal income for tax.

## Section 5: Required Signature



Your Signature

Signature Date (MM/DD/YYYY)



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