Cash Balance Termination Benefit Application - Instructions



This application is for CalSTRS Cash Balance Benefit Program participants who are applying for distribution of a termination benefit. Use this form if you are under age 55. If 55 or older, refer to the *Cash Balance Retirement Benefit Application* (CB586) form.

You may be able to complete and submit your application online using *my*CalSTRS for faster processing. Step-by-step guidance is provided to ensure you complete your application correctly.

SECTION 1: PARTICIPANT INFORMATION Client ID or Social Security Number

The Client ID or Social Security number is used to identify your account. It is important to enter the number correctly in the space provided. Your Client ID can be found on your *Retirement Progress Report*.

SECTION 2: DISTRIBUTON ELIGIBILITY TERMINATION BENEFIT INFORMATION

As a participant of the CalSTRS Cash Balance Benefit Program you are eligible for distribution of a termination benefit if you terminate all CalSTRS-covered employment. "Termination" means action by you, such as submission of a resignation, or action by your employer, such as dismissal or layoff. Termination does not automatically occur at the end of the school year. Substitute teaching qualifies as employment and must also be terminated prior to applying for a termination benefit.

A termination of employment does not automatically generate a distribution of the Cash Balance termination benefit. You must terminate employment and request a distribution from the Cash Balance Benefit Program in order to receive your account balance. Distribution of the termination benefit cancels all your participation in the CalSTRS Cash Balance Benefit Program, and the right to any other benefits from the program, unless participation in the Cash Balance Benefit Program is subsequently restored.

Distribution Date – The termination benefit will be payable no earlier than six calendar months following the date of termination of employment, as certified by your last employer(s).

SECTION 3: METHOD OF PAYMENT

We suggest you read the IRS publication 575, Pension and Annuity Income and the California Franchise Tax Board Publication FTB 1005, Pension and Annuity Guidelines or contact a qualified tax professional for advice. For more information, see the Tax Considerations for Rollovers booklet at CalSTRS.com/publications.

Section 3.1: Rollovers to Pension2

If you select Pension2 for your rollover, we will obtain the required signatures on your behalf. If you already have a Pension2 account, we will roll over your funds to that

account. If you do not have a Pension2 account, we will open a Pension2 403(b) account for you and your investment that guarantees your principal and a specific interest rate. You can reallocate your investment at any time. For more information or to enroll right now, visit Pension2.com or call toll free 844-electP2 (844-353-2872).

Section 3.2: Rollovers to Another Qualified Plan with a Financial Institution

Complete this section only if you are rolling over to a different financial institution than Pension2.

If you submit a letter of acceptance with your application, the rollover will be sent directly to your financial institution. Check the appropriate box if you have attached a letter of acceptance from your financial institution. If you do not submit a letter of acceptance, the rollover will be sent to your mailing address provided in section 1 of the application and you will have 60 days to deposit it to the financial institution.

It is imperative that the financial institution name and account number are correct. If the information is incomplete or not legible, your rollover and retirement application will be delayed. We are not able to process direct trustee-to-trustee transfers to financial institutions outside the U.S.

SECTION 4: DIRECT PAYMENT LUMP SUM TAX WITHOLDING PREFERENCES

Rollover Eligible

If you choose to have payments paid directly to you, we must withhold at least 20% for federal taxes unless the payment amount is less than \$200. You may elect a higher percentage if you choose.

CalSTRS will withhold 2% California state tax if your address is in California unless you elect to not have state tax withheld.

Non-Rollover Eligible

Federal and California state laws require us to withhold income tax on all benefit payments unless you specify otherwise. We will default your federal income tax for your monthly payments as single with no adjustments and your California state income tax as married claiming three withholding allowances based if your address is in California.

If you do not want taxes withheld, check the *Do Not Withhold* boxes. Be aware that 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. It explains estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough withheld from your benefit payments.

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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.

SECTION 5: REQUIRED SIGNATURES

Check all boxes that apply, then sign and date your Cash Balance Termination Benefit Application. If you are married or registered as a domestic partner, your spouse or partner also must sign and date your application. Your signature date is the date you signed your application.

If your spouse or registered domestic partner does not sign your application, you must include a signed *Justification for Non-Signature of Spouse or Registered Domestic Partner* (MS1125A) form, available at CalSTRS.com/forms, with your application.

If you divorced or terminated a registered domestic partnership and a portion of your CalSTRS benefit was awarded to a former spouse or partner, check the box that indicates this. You may need to refer to your settlement agreement. If your court documents have not been reviewed by CalSTRS, you may be asked to provide them. This can delay the processing of your application.

In addition, if you provide inaccurate information regarding your marital status, your application may be void.

SUBMITTING YOUR APPLICATION

Submit pages 1–5 of your *Cash Balance Termination Benefit Application* by one of the following methods. Keep a copy for your records.

myCalSTRS

Complete and submit your application online using *my*CalSTRS for faster processing.

Hand Delivery

Hand deliver your application to a local CalSTRS office (see the *Your Retirement Guide* booklet or visit CalSTRS.com/forms-drop).

Mail Your Application

CalSTRS

P.O. Box 15275, MS 65

Sacramento, CA 95851-0275

Overnight Delivery

If you are using a special mailing service such as UPS or FedEx, send your application to:

CalSTRS

Member Services 100 Waterfront Place

West Sacramento, CA 95605

Fax Delivery

916-414-5965 or 916-414-5964

QUESTIONS

Email your questions using your *my*CalSTRS account or at CalSTRS.com/contact, or call 800-228-5453.

Cash Balance Termination Benefit Application

CB585 REV 05/25

[For CalSTRS' Official Use Only]



Please read the instructions carefully before completing this form. **Use this form if you are under age 55.** If **55 or older**, refer to the *Cash Balance Retirement Benefit Application* form.

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SOCIAL SECURITY NUMBER			
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Section 2: Distribution Eligibility

Upon conclusion of all creditable service subject to coverage by CalSTRS, for any reason other than death, disability, or retirement, a Cash Balance Benefit Program participant may apply for a lump-sum termination benefit which shall be an amount equal to the sum of the account balance as of the payment date. **All** Cash Balance and Defined Benefit employers for whom the participant has performed CalSTRS creditable service within the last 12 months must certify that the participant's employment has been terminated before CalSTRS can determine the benefit distribution date.

The distribution of a termination benefit **will not be payable** until a 180-calendar-day waiting period has elapsed from the participant's last day of paid employment as certified by the employer(s). The *Cash Balance Termination Benefit Application* will automatically be canceled if the participant performs **any** creditable service subject to coverage by CalSTRS during the six-calendar month waiting period, regardless of retirement program choice. This includes all certificated employment in a public-school district (K-12/charter), county Office of Education, or community college district. The participant may not apply for a termination benefit if less than five years have elapsed from the date the most recent termination benefit was distributed to the participant.





Client ID or SSN:	
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Section 3: Method of Payment

I have read *Tax Considerations for Rollovers*, found at <u>CalSTRS.com/member-publications</u>. I understand I have at least 30 days before distribution to consider the information provided in this notice and decide whether to elect a direct rollover to another qualified retirement plan or have the amount distributed directly to me. The 30-day waiting period has been met or I waived the 30-day waiting period.

Please select one of the following methods of Termination Benefit payment:

☐ <u>Direct Payment to You</u>

I choose to have my Cash Balance Lump-sum Termination Benefit payment paid directly to me.. **Skip to Section 4.**

(I understand that upon distribution of the lump-sum payment, no further benefits are payable from the Cash Balance Benefit Program. I understand that the payment will not become payable until 180-calendar days after my termination date.)

☐ Rollover to a Financial Institution

I choose to roll over all or part of my Cash Balance Lump-sum Termination Benefit tax-deferred contributions and interest and to the financial institution listed on Section 3.1 or 3.2.

Section 3.1: Rollovers to Pension2

Complete this section if your rollover is to CalSTRS Pension2.

I choose to roll over all or part of my Cash Balance Lump-sum Termination Benefit to CalSTRS Pension2.. Complete the information below. If you already have a Pension2 account, we will roll over your Cash Balance Lump-sum Termination Benefit to that account. If you do not have a Pension2 account, we will open a Pension2 403(b) account for you and your investment will be defaulted into Voya Fixed Plus III, a fixed investment that guarantees your principal and a specific interest rate. You can reallocate your investment at any time. To access your account, visit CalSTRS.com/Pension2 or call 844-353-2872.

	Rollover	of Tax -	Deferred	Contributions	and	Interest
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Select one: Amount to transfer: \$_____OR Percentage to transfer: _____%

Next: If you:

- Chose to **roll over 100**% of your Cash Balance Lump-sum Termination Benefit account to CalSTRS Pension2, **skip to section 5**.
- Chose to roll over less than 100% of your Cash Balance Lump-sum Termination Benefit, go to section 4 to indicate your tax withholding preferences.



Client ID or SSN:	
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Section 3.1: Rollovers to Pension2, continued

CalSTRS Pension2 403(b) and 457(b) Plans

Pension2, CalSTRS' voluntary defined contribution plan, offers 403(b), 457(b), Roth 403(b) and Roth 457(b) plans with flexible investment choices and low costs:

- Investments selected and monitored by CalSTRS for every type of investor an investment with a competitive
 guaranteed rate of return, Easy Choice Portfolios that provide ready-made diversified portfolios, Core Investment
 Options to build your own portfolio, including institutional class mutual funds with lower expense ratios than retail
 mutual funds, and a Self-Directed Brokerage Account for experienced investors.
- Simple, low-cost and transparent costs there are no commissions, no surrender charges, no front or backend load fees.
- Services, planning tools and a team to help you succeed. To learn more, go to Pension2.com, call toll free 888-394-2060 or email Pension2@CalSTRS.com.

Section 3.2: Rollovers to Another Qualified Plan with a Financial Institution Complete this section if your rollover is to a financial institution other than CalSTRS Pension2.

Complete this section if your rollover is to a financial institution other than CalSTRS Pension2.
I choose to roll over all or part of my Cash Balance Lump-sum Termination Benefit to another qualified plan with a financial institution. Complete Section 4 , if you elect to receive any portion of your tax-deferred funds as a direct payment. NOTE: If rolling over account funds to different financial institutions and/or different accounts, make a copy of this page for each financial institution and/or different account, check the applicable boxes above and complete the financial institution information below.
☐ Rollover of Tax-Deferred Contributions and Interest
If you submit a letter of acceptance with your application, the rollover will be sent directly to your financial institution. Check the appropriate box if you have attached a letter of acceptance from your financial institution. If you do not submit a letter of acceptance, the rollover will be sent to your mailing address provided in section 1 of the application and you will have 60 days to deposit it to the financial institution.
□ I have attached a letter of acceptance from my financial institution.
Select one:
□ Traditional, SEP or SIMPLE IRA
□ Roth account (taxable rollover)
□ Other eligible plan such as 403(b), 457(b), 401(k) or 401(a)
Select one:
□ Amount to transfer: \$ OR
□ Percentage to transfer (1%-100%):%

MAKE CHECK PAYABLE TO (FULL NAME OF FINANCIAL INSTITUTION) ACCOUNT NUMBER



Client ID or SSN:	
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Section 4: Direct Payment Lump Sum Tax Withholding Preferences Rollover Eligible

Client ID or SSN:

Section 5: Required Signatures

Check all that apply to your current and previous marital status. (You must check at least one.)
$\ \square$ I am married or registered as a domestic partner and both our signatures are below.
□ I am married or registered as a domestic partner and my spouse or registered domestic partner did not sign below. I have completed the <i>Justification for Non-Signature of Spouse or Registered Domestic Partner</i>
☐ I have never been married or in a registered domestic partnership
☐ I am widowed or my registered domestic partner has died
☐ I have been divorced or have terminated a registered domestic partnership and my former spouse or partner was awarded a portion of my CalSTRS benefits.
☐ I have been divorced or have terminated a registered domestic partnership and my former spouse or partner was not awarded a portion of my CalSTRS benefits.
Required Signatures
I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statement, including a false statement regarding my marital status, for the purpose of using it, or allowing it to be used, to obtain, receive, continue, increase, deny or reduce any benefit administered by CalSTRS and it may result in penalties, including restitution, of up to one year in jail and/or a fine of up to \$5,000 (Education Code section 22010). It may also result in any document containing such false representation being voided.
I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct. I understand that perjury is punishable by imprisonment for up to four years (Penal Code section 126).
PARTICIPANT SIGNATURE DATE (MM/DD/YYYY)
CURRENT SPOUSE'S OR REGISTERED DOMESTIC PARTNER'S SIGNATURE DATE (MM/DD/YYYY)
SPOUSE'S OR PARTNER'S PRINTED NAME (LAST, FIRST, INITIAL)