

Cash Balance Benefit Program Income Tax Withholding Preference-Instructions

Read these instructions before completing this form. Print clearly or type in blue or black ink. Line through and initial all corrections.

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.

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. In absence of any additional documentation, CalSTRS will use the address we have on record to determine your state tax withholding.

For monthly payments, the elections you make will take effect within 60 days after CalSTRS receives 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 recalculate your withholdings each year and submit a new form.

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

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 rollover eligible.

CAUTION: 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 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: PARTICIPANT/PAYEE INFORMATION

Enter your full name and Client ID or Social Security number. If the payee is different from the participant, enter the payee's full name and Client ID or Social Security number. Include your address, telephone number and email so we can contact you if we have any questions. For an estate, enter the estate's Employer Identification number instead of the Social Security number. You can find your Client ID on your payment statement and Retirement Progress Report.

SECTION 2: DIRECT PAYMENT LUMP-SUM AND PERIOD-CERTAIN ANNUITIES OF 3 TO 9 YEARS

Rollover Eligible

Complete this portion only if you elected a lump-sum or period-certain annuity of 3 to 9 years and the distribution is rollover eligible. If you do not complete this section, CalSTRS will withhold California state income tax at 2%, unless you are not a California resident. If you choose not to have state income tax withheld, check the appropriate box.

Direct payment distributions that are rollover eligible but not directly rolled over to another tax-qualified retirement plan or IRA are subject to at least 20% federal withholding. Federal law requires that CalSTRS withhold at least 20% federal income tax. You may elect a higher percentage if you choose. Under state law, you

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can choose not to have any state tax withholding. CalSTRS will not withhold federal income tax for rollover eligible distributions transferred directly into an IRA or other qualified plan.

CalSTRS does not roll over or withhold federal or state income tax from distributions that are less than \$200. Distributions that are not rollover eligible are not subject to the mandatory 20% federal income tax withholding. See IRS Publication 505 and the CalSTRS booklet, Tax Considerations for Rollovers, for details.

Non-Rollover Eligible

Complete this portion only if your distribution is a one-time lump sum and non-rollover eligible. This includes one-time distributions paid to an estate or declared successor when no spouse and no designated beneficiary is named. California state and federal tax withholding for this type of distribution is optional. If you do not complete this section, CalSTRS will withhold federal taxes at 10% of the taxable amount and withhold state taxes at 2%. If you do not want taxes withheld, check the appropriate boxes. See IRS Publication 575, Pension and Annuity Income, at irs.gov.

SECTION 3: LIFETIME MONTHLY ANNUITIES AND PERIOD-CERTAIN ANNUITIES 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 income tax from your monthly benefit payments as single with no adjustments. We must withhold state income tax as married claiming three withholding allowances (unless you are a nonresident of California, in which case we will not withhold state tax).

SECTION 3.1: CALIFORNIA STATE INCOME TAX WITHHOLDING

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 EDD Form DE 4P 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.

If you do not want any state income tax withheld, check the “Do not withhold California income tax” box. In absence of an election or other documentation, CalSTRS will apply state tax withholding based on your address.

The following examples will assist you in completing section 3.

Example 1. Ricardo, a single filer, is completing this form for a benefit that pays \$50,000 a year. Ricardo also has a job that pays \$25,000 a year. Ricardo has no other pensions or annuities. Ricardo will enter \$25,000 on lines a and c.

If Ricardo also has \$1,000 of interest income, which he entered on Form W-4, Step 4(a), then he will instead enter \$26,000 on lines a and c. He will make no entries on line a in Section 3.2.2.3 for other income (not from jobs and pension or annuity payments) on this form.

Example 2. Carol, a single filer, is completing this form for a pension that pays \$50,000 a year. Carol does not have a job, but she also receives another pension for \$25,000 a year (which pays less annually than the \$50,000 pension). Carol will enter \$25,000 on lines b and c.

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If Carol also has \$1,000 of interest income, she will enter \$1,000 on line a in Section 3.2.2.3 for other income (not from jobs and pension or annuity payments).

Example 3. Mia, a single filer, is completing this form for a pension that pays \$50,000 a year. Mia does not have a job, but she receives another pension for \$75,000 a year (which pays more annually than the \$50,000 pension). Mia will not enter any amounts in Section 3.2.2.1

If Mia also has \$1,000 of interest income, she won't enter that amount on line a in Section 3.2.2.3 of this form because she entered the \$1,000 on the election form for the higher paying \$75,000 pension.

Example 4. Yvette, a single filer, is completing this form for a pension that pays \$50,000 a year. Yvette also has a job that pays \$25,000 a year and another pension that pays \$20,000 a year. Yvette will enter \$25,000 on line a for job income, \$20,000 on line b for pension or annuity income and \$45,000 on line c.

If Yvette also has \$1,000 of interest income, which she entered on Form W-4, Step 4(a), she will instead enter \$26,000 on line a for job income, leave the amount for pension and annuity income unchanged, and enter \$46,000 on line c. She will make no entry on line a in Section 3.2.2.3 for other income (not from jobs and pension or annuity payments).

Note: If you are married filing jointly, the entries described above do not change if your spouse has the job or the other pension or annuity instead of you.

SECTION 3.2 FEDERAL INCOME TAX WITHHOLDING

To elect federal income tax withholding, you must designate your expected filing status

and provide additional information regarding your income and that of your spouse. You may adjust the amount to be withheld by providing information regarding dependent credits and other credits you expect to claim on your tax return.

You also may elect to have CalSTRS withhold tax for income you receive elsewhere; reduce withholding by reporting expected tax deductions; and designate an additional amount to be withheld from each benefit payment. You cannot designate a specific dollar amount only to be withheld for federal tax.

TIP: Submit a separate form for each benefit you receive from CalSTRS. Submit a new Form W-4P for all other pensions or annuities, and a new Form W-4 for each of your jobs if you have not updated your wage withholding since 2019. If you have self-employment income, see IRS Form W-4P instructions at [irs.gov](https://www.irs.gov).

SECTION 3.2.2.1 INCOME FROM YOUR OR A SPOUSE'S JOB, OTHER PENSIONS OR ANNUITIES

Enter income from a job, and pension or annuity income (including a spouse's job, pension or annuity) in Section 3.2.2.1 if you have at least one of the following:

- Income from a job.
- Income from more than one pension or annuity.
- A spouse (if married filing jointly) who receives income from a job, pension or annuity.

SECTION 3.2.2.2 CLAIM DEPENDENT AND OTHER CREDITS

This step provides instructions for determining the amount of the child tax credit and the credit for other dependents that you may be able to claim when you file your tax return. To qualify for the child tax credit, the child must be under age 17 as of December 31, must be your

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dependent who generally lives with you for more than half the year, and must have a Social Security number. You may be able to claim a credit for other dependents for whom a child tax credit can't be claimed, such as an older child or a qualifying relative. For additional eligibility requirements for these credits, see IRS Publication 501, Dependents, Standard Deduction, and Filing Information. You can also include other tax credits for which you are eligible in this step, such as the foreign tax credit and the education tax credits. Including these credits will increase your payments and reduce the amount of any refund you may receive when you file your tax return.

SECTION 3.2.2.3 OPTIONAL ADJUSTMENTS

Other income (not from jobs and pension or annuity payments). Enter on line a the total of your other estimated income for the year, if any. You should NOT include amounts from any jobs or pension and annuity payments. If you complete line a, you likely won't have to make estimated tax payments for that income. If you prefer to pay estimated tax rather than having tax on other income withheld from your pension, see IRS Form 1040-ES, Estimated Tax for Individuals.

Deductions. Enter on line b the amount from the Deductions Worksheet, line 6, on Form W-4P if you expect to claim deductions other than the basic standard deduction on your tax return and want to reduce your withholding to account for these deductions. This includes itemized deductions, the additional standard deduction for those 65 and over, and other deductions such as for student loan interest and IRAs.

Extra withholding. Enter on line c any additional tax you want withheld from each payment.

Entering an amount on line c will reduce your payments and either increase your refund or reduce any amount of tax that you owe.

Note: For payments that began before 2023, your current withholding election (or your default rate) remains in effect unless you submit a new Income Tax Withholding Preference Certificate.

i CAUTION

If you (or if married filing jointly, you or your spouse) have a job, do **not** complete Section 3.2.2.2 of this form. Instead, complete Steps 3 through 4(b) on the Form W-4 for the job. If you (or if married filing jointly, you and your spouse) do not have a job, complete these steps on the CalSTRS *Income Tax Withholding Preference Certificate* or IRS Form W-4P [Steps 3 through 4(b)] for **only** the pension or annuity that pays the most annually. Leave those sections blank for the other pensions or annuities.

SECTION 4: REQUIRED SIGNATURES

Sign and date the form. Your form will not be accepted without your signature and the signature date.

IMPORTANT INFORMATION

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. See IRS Publication 505, Tax Withholding and Estimated Tax at [irs.gov](https://www.irs.gov) for details.

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U.S. citizens or resident aliens receiving payment while outside the U.S. must provide CalSTRS a form W-9 in order to ensure withholding is applied correctly.

If you're a nonresident alien, nonresident alien beneficiary or foreign estate, in the absence of a tax treaty exemption, monthly or lump-sum payments generally are subject to a 30% 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.

If you're a foreign individual, 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 each 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.

Questions

For information about federal tax withholding, contact the IRS at 800-829-1040 or visit irs.gov. For information about state tax withholding, contact the California Franchise Tax Board at 800-852-5711 or visit ftb.ca.gov.

For additional information, see the *Tax Considerations for Rollovers* booklet, available at 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 to help determine your withholding allowances. Also see the allowance worksheets at irs.gov/pub/irs-pdf/fw4p.pdf and edd.ca.gov/pdf/pub_ctr/de4p.pdf.

Submitting your form

Hand delivery

Hand deliver your application to a local CalSTRS office, where available (visit calstrs.com/forms-drop).

Mailing Address

CalSTRS
P.O. Box 15275, MS 65
Sacramento, CA 95851-0275

Overnight Delivery

If you're using a special mailing service such as UPS or FedEx, send your form to:

CalSTRS
Member Services
100 Waterfront Place
West Sacramento, CA 95605

Fax Delivery

916-414-5964 or
916-414-5965

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CB 584 rev 06/23

CALSTRS

California State Teachers' Retirement System
P.O. Box 15275, MS 65
Sacramento, CA 95851-0275
800-228-5453
CalSTRS.com

Section 1: Participant or Payee Information

Provide either your client ID or your Social Security number.

Client ID or Social Security Number:

Last Name:

First Name:

MI:

Mailing Address:

City:

State:

Zip Code:

Email Address:

Phone number:

Section 2: Direct Payment Lump-Sum and Period-Certain Annuities of 3 to 9 Years

Rollover Eligible

If you leave this section blank, CalSTRS will withhold California state income tax, unless you live outside California.

Federal law requires that CalSTRS withhold at least 20% federal income tax for all lump-sum payments and period-certain annuities of 3 to 9 years that are paid directly to you or your designated beneficiary, unless the payment is less than \$200. You may elect a higher percentage if you choose.

If you choose to have California state tax withholding, CalSTRS will withhold 2% for state tax, for all lump-sum payments and period-certain annuities of 3 to 9 years.

Withhold California state income tax? Yes No

Optional: If you would like more than 20% withheld for **federal income tax**, you may designate a higher percentage.

Enter a whole number (no decimals): _____%

Note: See Form W-4R at irs.gov for additional information and instructions.

Non-Rollover Eligible

This includes one-time distributions paid to an estate or declared successor when no spouse and no designated beneficiary is named. If you choose to have federal tax withheld, CalSTRS will withhold the default 10% rate from the taxable amount for non-periodic payments unless you enter a different rate in the box below.

If you choose to have California state tax withholding, CalSTRS will withhold 2% for state tax.

Withhold California state income tax? Yes No

Withhold federal income tax? Yes No

Optional: If you would like more than 20% withheld for federal income tax, you may designate a higher percentage.

Enter a whole number (no decimals): _____%

Note: See irs.gov for information and instructions on Form W-4R.



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Name:

Client ID or SSN

Section 3: Lifetime Monthly Annuity and Period-Certain Annuities of 10 Years

If you do not complete this section, we must withhold federal income tax from your monthly benefit payments as single with no adjustments. We must withhold state income tax as married claiming three withholding allowances (unless you are a nonresident of California, in which case we will not withhold state tax).

Section 3.1: California State Income Tax Withholding

- Do not** withhold California state income tax
- OR**
- Withhold** California state income tax
Withhold only \$ _____ from each benefit payment. (Enter a flat dollar amount only. Do not enter a percentage.)
- OR**
- 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 cannot enter an amount without selecting one of the above options. Enter a dollar amount only.)

Section 3.2: Federal Income Tax Withholding

- Do not** withhold federal income tax
- OR**
- Withhold** federal income tax based on the tax tables for (choose one):
 - Married filing jointly or qualifying widower
 - Single or married filing separately
 - Head of Household (check only if you're unmarried and pay more than half the costs to keep up a home for yourself and a qualifying individual)

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

Name:

Client ID or SSN

Section 3.2.2 Additional income and other adjustments

Complete sections 3.2.2.1, 3.2.2.2 and 3.2.2.3 below only if they apply to you. See the instructions for more information.

Section 3.2.2.1 Income from your or a spouse’s job, other pensions or annuities

Complete this step if you have income from a job or more than one pension or annuity, or are married filing jointly and your spouse receives income from a job or a pension or annuity.

a. Job income. If you (or your spouse) have one or more jobs, enter the total taxable annual pay from all jobs, plus any income entered on Form W-4, Step 4(a), for the jobs, less the deductions entered on Form W-4, Step 4(b), for the jobs. Otherwise, enter “0.”	\$
b. Pension or annuity income. If you (or your spouse) have any other pensions or annuities (including other CalSTRS benefits) that pay less annually than this one, then enter the total annual taxable payments from all lower- paying pensions or annuities. Otherwise, enter “0.”	\$
c. Total. Add the amounts above	\$

Section 3.2.2.2 Claim dependent and other credits

If line a of section 3.2.2.1 is blank and the pension or annuity pays the most annually, complete section 3.2.2.2 through line b in section 3.2.2.3. Otherwise, do not complete section 3.2.2.2 through line b of section 3.2.2.3. Since these amounts are only valid on your highest paying retirement account, we will reject this form if these fields are entered for an account that is not your highest paying CalSTRS account. If you enter these amounts on your highest paying CalSTRS account, we will remove these values from the tax withholding record from any lower-paying CalSTRS accounts.

If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by \$2,000.	\$
Multiply the number of other dependents by \$500.	\$
Add other credits, such as foreign tax credit and education tax credits.	\$
Total. Add the amounts for qualifying children, other dependents, and other credits.	\$

Section 3.2.2.3 Optional adjustments

a. Other income (not from jobs and pension or annuity payments). If you want tax withheld on other income you expect this year that won’t have withholding, enter the amount of the other income here. This may include interest, taxable Social Security payments, and dividends.	\$
b. Deductions. If you expect to claim deductions other than the basic standard deduction and want to reduce your withholding, use the Deductions Worksheet on IRS Form W-4P and enter the result.	\$
c. Extra withholding. Enter any additional tax you want withheld from each payment .	\$

Name:

Client ID or SSN

Section 4: Required Signature

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).

I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statements for the purpose of altering a benefit administered by CalSTRS and it may result in penalties, including restitution, of up to one year in jail and a fine of up to \$5,000 (Education Code section 22010).



PARTICIPANT'S OR PAYEE'S SIGNATURE

SIGNATURE DATE (MM/DD/YYYY)