

Nonmember Spouse Defined Benefit Supplement (DBS) Application

NM1938 (RV 12/22)



California State Teachers' Retirement System
P.O. Box 15275, MS 3
Sacramento, CA 95851-0275
800-228-5453
CalSTRS.com

This application is **ONLY** for a Defined Benefit Supplemental (DBS) account of a Nonmember Spouse. Complete this application to receive either a lump sum payment or a monthly annuity from your Nonmember Spouse Defined Benefit Supplement account.

I have read the instructions, and hereby apply for Nonmember Spouse Defined Benefit Supplemental (DBS) benefits with my signature on page 4 of this application.

PLEASE MAKE YOUR SELECTION ON THE REVERSE SIDE AND RETURN PAGES 1 THROUGH 4.

Section 1: CalSTRS Member Account Cross Reference Information

NAME (LAST, FIRST, INITIAL)

CLIENT ID OR SOCIAL SECURITY NUMBER

Section 2: Nonmember Spouse Account Information

NAME (LAST, FIRST, INITIAL)

CLIENT ID* OR SOCIAL SECURITY NUMBER

MAILING ADDRESS

DATE OF BIRTH (MM/DD/YYYY)

CITY

STATE

ZIP CODE

()

()

HOME TELEPHONE

ALTERNATE TELEPHONE

E-MAIL ADDRESS

RETIREMENT DATE (MM/DD/YYYY)

(Must be same as on Nonmember Spouse Retirement Application)

*Find your Client ID on your Retirement Progress Report



NM1938

Section 3.1: Your Defined Benefit Supplement Election Choices

Complete this application if you have a Defined Benefit Supplement account as a result of a community property account division. I have read the attached information that explains in detail about the DBS benefit choices available and I elect ONE of the choices.

If your Defined Benefit Supplement account balance is:

- Under \$3,500*, you can only receive a lump-sum payment. Mark Box number 1, *Lump-Sum Payment*, located directly below.
- \$3,500* or more, you have all choices below for how you can receive these funds.

*Please refer to your Statement of Account for account value or call CalSTRS.

Defined Benefit Supplemental Choices

You have three payment choices. Select one of the below elections for your Defined Benefit Supplemental account. Specify your withholding for each payment by completing the *Income Tax Withholding Preference Certificate* (form AD0908):

1. **Lump-Sum Payment (under \$3,500 you must make this choice)**

- Check paid to me directly (Skip to 3.2, Direct Payment.)
- Rollover to a financial institution (Skip to 3.2 Rollover.)

2. **Annuity Payment**

You have two choices. Select one:

Period-Certain Monthly Annuity of 3 to 10 years**

Number of years (circle one) 3 4 5 6 7 8 9 10

OR

Lifetime Monthly Annuity (Member Only Annuity)

3. **Combination Lump Sum and Annuity:** At least \$3,500 must remain in your Defined Benefit Supplemental account to fund an annuity. Indicate your lump-sum payment amount and select one annuity below.

\$ _____ **Lump-Sum Amount**

- Check paid to me directly (Skip to 3.2, Direct Payment.)
- Rollover to a financial institution (Skip to 3.2 Rollover.)

Period-Certain Monthly Annuity of 3 to 10 Years**

Number of years (circle one) 3 4 5 6 7 8 9 10

OR

Lifetime Monthly Annuity (Member Only Annuity)

**Lifetime annuities and period-certain annuities of 10 years are not eligible for rollover into a pretax account. See Section 3.2 regarding tax considerations for direct payment of your Defined Benefit Supplemental funds.

Section 3.2 Defined Benefit Supplemental Payment Instructions

I have received and read the *Special Tax Notice: Your Rollover Options* included with this application. **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 retirement plan or have the amount distributed to me.** The 30-day waiting period has been met or I waive the 30-day period.

Indicate whether you want to receive your Defined Benefit Supplement distribution as a **direct payment** or a **rollover**.

Direct Payment

I choose to have my Defined Benefit Supplement distribution paid directly to me. I understand that federal taxes will be withheld at the required rate of 20 percent. My state tax will be withheld at 10 percent of the federal rate, or I can choose to defer my state tax withholding.

OR Rollover

I choose to roll over all or part of my Defined Benefit Supplement distribution to a financial institution. Complete the information below. **Any amount not designated for transfer will be mailed directly to me.** (To defer state tax, go to section 3.3, Direct Payment and mark the appropriate box.)

Rollover of Tax-Deferred Contributions and Interest. I elect to rollover my tax-deferred contributions and interest to one of the plans listed below.

Traditional IRA Other eligible plan (403(b), 457, 401(k) or 401(a)) Roth IRA (taxable rollover)

Amount to transfer \$ _____ **OR** Percentage to transfer _____ (indicate 1%-100%)

Financial Institution Information (All information below is required)

Account Number _____ Complete Name of Financial Institution _____

Institution Mailing Address _____ City _____ State _____ Zip code _____

Financial Institution Representative Signature* _____ Telephone _____

Rollover of After Tax Contributions and Interest (not applicable on most accounts.) I elect to rollover my tax-deferred contributions and interest to one of the plans listed below:

Traditional IRA Other eligible plan (403(b), 457, 401(k) or 401(a)) Roth IRA (taxable rollover)

Amount to transfer \$ _____ **OR** Percentage to transfer _____ (indicate 1%-100%)

Financial Institution Information (All information below is required)

Account Number _____ Complete Name of Financial Institution _____

Institution Mailing Address _____ City _____ State _____ Zip code _____

Financial Institution Representative Signature* _____ Telephone _____

***Certification:** My signature above confirms the account number for the individual named at the top of this page. As a representative of the financial institution or plan named above, I certify that this institution or plan agrees to accept the funds described above as a direct trustee-to-trustee transfer from CalSTRS for deposit into a qualified IRA or other eligible plan as defined in the Internal Revenue Code. I understand that my signature above authorizes the transfer of CalSTRS funds as indicated above.

Section 3.3 Defined Benefit Supplemental Tax Withholding Preferences

Direct Payment Lump Sum and Period-Certain Annuities of 3 to 9 years

Federal law requires that CalSTRS withhold federal income tax at the rate of 20 percent for all lump-sum payments and period-certain annuities of three to nine years paid directly to you. CalSTRS will automatically withhold your federal tax from your check.

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

Do not withhold California state tax.

Lifetime Monthly Annuity and Period-Certain Annuities of 10 years Tax Information

If you elect to receive a lifetime annuity or a period certain annuity of 10 years for your Defined Benefit Supplement Funds, you will need to specify your tax withholding preferences.

If you do not complete the CalSTRS Income Tax Withholding Preference Certificate indicating your tax withholding preferences, CalSTRS 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).

Check this box if form AD0908 Income Tax Withholding Certificate is included with this application.

Section 4: Required Signature

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, up to one year in jail and a fine of up to \$5,000 (Education Code section 22010).



NONMEMBER SPOUSE SIGNATURE

DATE (MM/DD/YYYY)

Nonmember Spouse Defined Benefit Supplement Account Application-Instructions

SECTION 1-CALSTRS MEMBER ACCOUNT CROSS REFERENCE

Include name and Client ID number or Social Security number of the CalSTRS member.

SECTION 2-NONMEMBER SPOUSE ACCOUNT INFORMATION

Include your home and alternate telephone numbers and your e-mail address so we can contact you if we have any questions. Be sure your name on your application matches your name as it appears on your Social Security card. If you know it, include your Client ID instead of your Social Security number.

Date of Birth

Since your vital information was verified through a certified court document, it is not necessary for you to provide vital documents with this application; however, should CalSTRS deem it necessary, documents may be requested.

Retirement Date

If you choose an annuity, your retirement date is the same date you elected on your separate Nonmember Spouse Retirement application. This is not applicable if you elect to receive a Lump Sum distribution.

SECTION 3.1--YOUR DEFINED BENEFIT SUPPLEMENT ELECTION CHOICES

Your Defined Benefit Supplement account balance is shown on your Statement of Account. If your account balance is \$3,500 or more, you can choose whether to receive these funds as a lump-sum payment, an annuity payment or a combination lump-sum and annuity payment. If your account balance is less than \$3,500, you must take a lump-sum payment.

SECTION 3.2--DEFINED BENEFIT SUPPLEMENT PAYMENT INSTRUCTIONS

Lump Sum or Period-Certain Annuity of 3 to 9 Years

Complete this section if you chose a lump sum or period-certain annuity of three to nine years for your Defined Benefit Supplement funds. If you chose an annuity payment other than a period-certain annuity of three to nine years, you do not need to complete this section. Your monthly annuity payments will be mailed to the same address or transferred to the same bank account as your retirement benefits.

Federal law allows lump-sum payments or period-certain annuity payments of three to nine years to be rolled over into a qualified plan.

If you would like your payment to be paid directly to you, check the *Direct Payment* box. If you would like to roll over your payment to a financial institution, check the *Rollover* box.

Rollover of Tax-Deferred Contributions and Interest

Read the *Special Tax Notice: Your Rollover Options* included with this application. The amount of tax-deferred contributions and interest in your Defined Benefit Supplement account is shown on your *Retirement Progress Report*. Your account balance must be \$200 or more to qualify for a rollover to a financial institution. Enter the dollar amount *or* percentage (from 1% to 100%) that you would like to roll over. For example, if you expect to receive \$4,000 and choose a 50 percent rollover, \$2,000 will be rolled over and \$2,000 will be subject to federal and state tax withholding, and then paid directly to you.

Lifetime Monthly Annuity and Period-Certain Annuity of 10 years

If you elected to receive a lifetime annuity or a period-certain annuity of 10 years for your Defined Benefit Supplement funds, you will need to specify your tax withholding preferences. If you do not complete the *Income Tax Withholding Preference Certificate*, we will withhold income tax from your monthly payments in accordance with the established rate for a married individual claiming three withholding exemptions. If you do not want tax withholding, return the form with the *Do Not Withhold* box checked. If you want tax withholding, mark the appropriate boxes and specify the number of exemptions.

You may specify an additional dollar amount to withhold. You may also elect to withhold a flat dollar amount without specifying exemptions for California state tax.

Financial Institution Information

When providing your financial institution information, do not attach transfer documents. Also, do not list "IRA" as the name of your financial institution. We will mail the payment to the financial institution address you provide. It is imperative the financial institution name, address and account number are correct. If they are not correct, your rollover will be delayed. We are not able to process direct trustee-to-trustee transfers to financial institutions outside the U.S.

SECTION 3.3--DEFINED BENEFIT SUPPLEMENT TAX WITHHOLDING PREFERENCES

Direct Payment: Lump Sum or Period-Certain Annuity of 3 to 9 Years

Federal law allows lump-sum payments or period-certain annuity payments of three to nine years to be rolled over into a qualified plan. If you choose to have payments paid directly to you, CalSTRS must withhold 20 percent for federal taxes. State tax will be automatically withheld at 10 percent of the federal withholding rate, unless you defer payment of your state tax by checking the *Do Not Withhold* box.

For additional information on tax withholding, refer to the instructions on the tax withholding form (AD 0908).

For more information about rollovers, see *Tax Considerations for Rollovers*, available at CalSTRS.com (select *Forms and Publications* under *Tools*).

Nonmember Spouse Defined Benefit Supplement Account Application-Instructions

SECTION 4-REQUIRED SIGNATURE

Sign and date your *Nonmember Spouse Defined Benefit Supplement (DBS) Application* (form NM1938). Return pages 1-4 to CalSTRS at the address listed below.

SPECIAL TAX NOTICE: YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of your CalSTRS payment is eligible to be rolled over to a qualified IRA or eligible employer plan. Read this notice to help you decide whether to do a rollover.

DIRECT DEPOSIT INFORMATION

To have your monthly payment directly deposited to your financial institution you must complete a *Direct Deposit Authorization* (form AS-1130), available at CalSTRS.com.

Mailing Address

CalSTRS
P.O. Box 15275, MS 03, 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 Numbers 916-414-5964 or 916-414-5965

Questions?

E-mail your questions at CalSTRS.com/contactus, or call 800-228-5453.

Name or Address Change

Notify us immediately of name or address changes.

Special Tax Notice: Your Rollover Options

INTRODUCTION

You are receiving this notice because all or a portion of your CalSTRS Defined Benefit, Defined Benefit Supplement or Cash Balance payment is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover.

Rules that apply to most CalSTRS payments are described in the “General Information About Rollovers” section. Special rules that only apply in certain circumstances are described in the “Special Rules and Options” section.

Certain California tax information also is provided. In general, California law conforms to the Internal Revenue Code. However, there are continuing differences between California and federal law. For additional information, visit ftb.ca.gov.

30-Day Notice Period and Your Right to Waive

Generally, CalSTRS cannot make a direct rollover or a payment to you until at least 30 days after you receive this notice. If you do not wish to wait until this 30-day notice period ends before your payment is processed, you may waive the notice period.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on your CalSTRS payment if you do not roll it over. If you are under age 59½ and do not do a rollover, you also will have to pay a 10 percent additional federal income tax and a 2.5 percent additional California state tax on early distributions, unless an exception applies.

If you do a rollover, however, you will not have to pay tax until you receive payments later and the 10 percent additional federal income tax and 2.5 percent additional state income tax will not apply if those payments are made after you are age 59½, or if an exception applies.

Where may I roll over my CalSTRS payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees and rights to payment from the IRA or employer plan. For example, no spousal consent rules apply to IRAs and IRAs may not provide loans. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

Direct rollover: If you do a direct rollover, CalSTRS will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

60-day rollover: If you do not do a direct rollover, you still may do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive your CalSTRS payment to make the deposit.

If you do not do a direct rollover, CalSTRS is required to withhold 20 percent of the payment for federal income tax and, if you choose, will withhold state income tax at 10 percent of your federal tax withholding. This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20 percent withheld for federal taxes and any state tax withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10 percent additional federal income tax and the 2.5 percent additional state income tax on early distributions if you are under age 59½, unless an exception applies.

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any CalSTRS payment is eligible for rollover, except:

- Benefit payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary).
- Required minimum distributions after age 70½ (or after death).
- Corrective distributions of contributions that exceed tax law limitations.

CalSTRS can tell you what portion of a payment is eligible for a rollover.

Special Tax Notice: Your Rollover Options

If I don't do a rollover, will I have to pay the 10 percent additional federal income tax and the 2.5 percent additional state income tax on early distributions?

If you are under age 59½, you will have to pay the 10 percent additional federal income tax and 2.5 percent state additional income tax on early distributions for any CalSTRS payment, including amounts withheld for income tax, that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular federal and state income taxes on the payment not rolled over.

The 10 percent additional federal income tax and the 2.5 percent additional state income tax do not apply to the following CalSTRS payments:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation.
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary).
- Payments made due to disability.
- Payments after your death.
- Corrective distributions of contributions that exceed tax law limitations.
- Payments made directly to the government to satisfy a federal tax levy.
- Payments made under a qualified domestic relations order (QDRO).
- Payments up to the amount of your deductible medical expenses.

If I do a rollover to an IRA, will the 10 percent additional federal income tax and the 2.5 percent additional state income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10 percent additional federal income tax and 2.5 percent additional state income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the additional federal and state income taxes for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders does not apply. However, a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse.

- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks, or would have been eligible to receive unemployment compensation but for self-employed status.

SPECIAL RULES AND OPTIONS

If Your Payment Includes After-Tax Contributions

After-tax contributions included in a CalSTRS payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a CalSTRS payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from CalSTRS and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of your CalSTRS payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit that totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover—and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan. You can do a 60-day rollover to an employer plan of part of a CalSTRS payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

Special Tax Notice: Your Rollover Options

If You Miss the 60-Day Rollover Deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline.

To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, *Individual Retirement Arrangements*.

If You Were Born On or Before January 1, 1936

If you were born on or before January 1, 1936, and receive a lump-sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If You Roll Over Your Payment to a Roth IRA

You can roll over a payment from CalSTRS made before January 1, 2010, to a Roth IRA only if your modified adjusted gross income is not more than \$100,000 for the year the payment is made to you and, if married, you file a joint return. These limitations do not apply to CalSTRS payments made to you after 2009. If you did a rollover to a Traditional IRA because you were not eligible to do a Roth IRA until after 2009, you can now convert the Traditional IRA to a Roth IRA.

If you roll over your CalSTRS payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10 percent additional income tax and 2.5 percent additional state income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within five years, counting from January 1 of the year of the rollover). For payments from CalSTRS during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a two-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed, including earnings after the rollover. A qualified distribution from a Roth IRA is a payment made after you are age 59½—or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000—and after you have had a Roth IRA for at least five years. In applying this five-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10 percent additional federal income tax and 2.5 percent additional state income tax on early distributions, unless an exception applies. You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, *Individual Retirement Arrangements*.

You cannot roll over a payment from CalSTRS to a designated Roth account in an employer plan.

CalSTRS is not responsible for assuring your eligibility to make a rollover to a Roth IRA. Consult your tax adviser if you are interested in rolling over your payment to a Roth IRA.

If You Are Not a CalSTRS Member

Payments after a member's death. If you receive a distribution after a CalSTRS member's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10 percent additional federal income tax and 2.5 percent additional state income tax on early distributions do not apply. The special rule described under the section "If you were born on or before January 1, 1936" applies only if the CalSTRS member was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a CalSTRS payment as the surviving spouse of a deceased member, you have the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10 percent additional federal income tax and 2.5 percent additional state income tax on early distributions, unless an exception applies. In addition, required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10 percent additional federal income tax and 2.5 percent additional state income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a CalSTRS payment because of the member's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10 percent additional federal income tax and 2.5 percent additional state income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Special Tax Notice: Your Rollover Options

Payments under a qualified domestic relations order. If you are the spouse or former spouse of a CalSTRS member who receives a payment from CalSTRS under a qualified domestic relations order (QDRO), you generally have the same options the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10 percent additional federal income tax or 2.5 percent additional state income tax on early distributions.

If You are a Nonresident Alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or a U.S. employer plan, CalSTRS is generally required to withhold 30 percent of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing IRS Form 1040NR and attaching your IRS Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

OTHER SPECIAL RULES

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series, unless you make a different choice for later payments.

If your payments for the year are less than \$200 (not including payments from a designated Roth account in CalSTRS?), CalSTRS is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

When electing how to receive a CalSTRS payment that is rollover eligible, any amount not designated for a rollover will be mailed directly to you.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, *Armed Forces' Tax Guide*.

FOR MORE INFORMATION

See the *Tax Considerations for Rollovers* booklet at CalSTRS.com. You may wish to consult a professional tax adviser before taking a payment from CalSTRS.

In addition, you will find more information on the federal tax treatment of payments from employer plans in IRS Publication 575, *Pension and Annuity Income*, IRS Publication 590, *Individual Retirement Arrangements* and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, at irs.gov or by calling 800-TAX-FORM (800-829-3676).

For information on state tax, contact the California Franchise Tax Board at ftb.ca.gov or call 800-852-5711 (or 916-845-6500 if calling from outside the U.S.).

RIGHT TO RECEIVE PAPER DOCUMENT

Contact CalSTRS to receive this *Special Tax Notice: Your Rollover Options* as a written document at no charge.

Defined Benefit Supplement Annuity Calculation Estimates For Nonmember Spouse Accounts Only

Defined Benefit (DB) and Defined Benefit Supplement (DBS) Selections:

Nonmember spouse can receive:	The DBS selections allowed are the following:
A Member-Only Annuity Benefit	Lump-Sum Payment, Member-Only Annuity, Period Certain, Combination lump sum and annuity (from annuity choices above).

DBS Member-Only Annuity- For a nonmember spouse

This annuity provides a lifetime monthly annuity. The annuity stops upon the nonmember spouse's death.

DBS Account Balance	Age At Retirement			
	50	55	60	65
\$3,500	\$24	\$25	\$27	\$28
\$7,500	\$53	\$55	\$57	\$61
\$15,000	\$105	\$110	\$115	\$123
\$25,000	\$176	\$183	\$192	\$205
\$40,000	\$281	\$292	\$307	\$328
\$45,000	\$317	\$329	\$346	\$369
\$50,000	\$352	\$365	\$384	\$410

The cash refund feature provides that any balance remaining in the DBS account will be paid as a lump-sum distribution to the nonmember spouse's named death beneficiary or estate.

Period Certain Annuity

This annuity provides a monthly annuity payable from 3 to 10 years. A Period Certain Annuity that is payable for fewer than 10 years may be rolled over to another qualified plan each month.

DBS Account Balance	3 Year	4 Year	5 Year	6 Year	7 Year	8 Year	9 Year	10 Year
\$3,500	\$108	\$84	\$70	\$60	\$53	\$48	\$44	\$41
\$7,500	\$232	\$180	\$150	\$129	\$115	\$104	\$95	\$89
\$15,000	\$465	\$361	\$300	\$259	\$230	\$208	\$191	\$178
\$25,000	\$775	\$603	\$500	\$432	\$383	\$347	\$319	\$297
\$40,000	\$1,240	\$965	\$800	\$691	\$613	\$556	\$511	\$476
\$45,000	\$1,395	\$1,085	\$900	\$777	\$690	\$625	\$575	\$535
\$50,000	\$1,550	\$1,206	\$1,000	\$864	\$767	\$695	\$639	\$595

If the nonmember spouse dies prior to the end of the annuity period, the remaining balance of payments will be paid to the nonmember spouse's named death beneficiary or estate.