

# Cash Balance Retirement Benefit Application Change Request Instructions

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Use this form to change only those elections made or confirmed at retirement on the *Cash Balance Retirement Benefit Application* (CB586). We must receive all changes no later than 30 days after your first payment is issued. Failure to complete the entire form or provide the required information may delay the processing of your change request.

**NOTE:** If you are requesting to cancel your retirement or change your previously elected lump-sum distribution to an annuity, you must return the gross amount of all payments previously distributed within 45 days of your initial benefit payment or this form will be voided, and your request denied.

Complete section 1 and section 6. For sections 2 through 5, only complete the sections that apply to the change you wish to make. Refer to all pages of your previously submitted *Cash Balance Retirement Benefit Application* when completing this form.

## SECTION 1 – PARTICIPANT INFORMATION

Include your mailing and email addresses, plus your home and alternate telephone number so we can contact you if we have questions. Be sure your name on your form 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. You can find your Client ID on your *Retirement Progress Report*.

**NOTE:** The mailing address you provide will also be used for tax withholding purposes unless you provide other documentation.

## SECTION 2 – RETIREMENT DATE CHANGE OR CANCELLATION

Check the date appropriate box to:

- Change the date requested on your retirement application. Your new retirement date must be:
  - Within the month we received your Cash Balance Retirement Benefit Application.
  - After your last date of paid employment or paid leave.
- Cancel your retirement application. This will terminate your retirement benefits and restore your account to active member status.

## SECTION 3 – METHOD OF PAYMENT

Check the appropriate box to change or cancel the method of payment you elected at retirement on your *Cash Balance Retirement Benefit Application*.

If you're rolling over your funds, complete section 3.2 for rollovers to CalSTRS Pension2® or complete section 3.3 for rollovers to all other financial institutions. You will need to obtain a signature from the financial institution if you are not rolling over to Pension2.

## Retirement Distribution Choices

As a Cash Balance Benefit Program participant, you may elect to receive a retirement benefit as a one-time lump-sum distribution, or an annuity provided the **sum of your account (your contributions and your employers' contributions) is \$3,500 or more**. Upon distribution of a lump-sum payment, no further benefits are payable to you from the Cash Balance Benefit Program.

If you elect to receive a monthly annuity, you may elect one of the following forms of payment below:

1. Participant-Only Annuity, which is the actuarial equivalent of the lump sum payable for the life of the participant with any balance remaining upon the death of the participant payable in a lump sum to the beneficiary.
2. 100% Beneficiary Annuity, which is the actuarial equivalent of the lump sum payable for the combined lives of you and your beneficiary, with the monthly amount payable to you continuing to the surviving beneficiary upon your death. However, if your annuity beneficiary predeceases you, the annuity without modification for the option shall be payable to you.
3. 75% Beneficiary Annuity, which is the actuarial equivalent of the lump sum payable for the combined lives of you and your beneficiary, with three-quarters of the monthly amount payable to you continuing to your surviving beneficiary upon your death. However, if your annuity beneficiary predeceases you, the annuity without modification for the option shall be payable to you.

**NOTE:** If your annuity beneficiary is anyone other than your spouse and your beneficiary is more than exactly 19 years younger than you, you cannot select the 75% Beneficiary Annuity.

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4. 50% Beneficiary Annuity, which is the actuarial equivalent of the lump sum payable for the combined lives of you and your beneficiary, with one-half of the monthly amount payable to you continuing to your surviving beneficiary upon your death. However, if the annuity beneficiary predeceases you, the annuity without modification for the option shall be payable to you.
5. Period-certain annuity, which is the lump sum payable over a specified number of years, from three years to 10 years, but not to exceed the life expectancy of the participant or the life expectancy of the participant and the participant's beneficiary, until there is no balance remaining in the participant's employee account and employer account.

**NOTE:** If you receive a payment that can be rolled over to a Traditional IRA, Roth IRA or other eligible plan and it is paid in a series of payments for less than 10 years, your choice to take a direct payment or a rollover for a payment will apply to all later payments in the series. Under federal law, a series of payments for 10 years or more cannot be rolled over.

## SECTION 3.1 – ANNUITY BENEFICIARY INFORMATION

If you have chosen a beneficiary annuity, you must complete this section with your beneficiary information.

**NOTE:** If you elect an annuity beneficiary, your beneficiary must be a living person or a special needs trust—it cannot be another type of trust, charity, or other entity. If you wish to elect a special needs trust as your annuity beneficiary, the *Certification of a Special Needs Trust* form (SR1854) must accompany this application.

## SECTION 3.2 – 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 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](http://CalSTRS.com/Pension2) or call 844-electP2 (844-353-2872).

## SECTION 3.3 – ROLLOVERS TO ANOTHER QUALIFIED PLAN

If you're rolling over your funds to a financial institution other than Pension2, you must get a signature from your financial institution before submitting your form. When providing your financial institution information, do not attach transfer documents or list "IRA" as the name of your financial institution. We will mail your payment to the financial institution address you provide, so it is imperative the financial institution's name, address and account number are correct. If the information is incomplete, incorrect, not legible, or the financial institution representative's signature is not provided, your rollover and retirement application change request 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 OF LUMP SUM AND 3-9 YEAR ANNUITY TAX WITHHOLDING INSTRUCTIONS

Complete this section if you chose a lump sum or period-certain annuity of 3 to 9 years.

We will withhold at least the mandatory 20% federal income tax on rollover eligible distributions that are not rolled over. You may elect a higher percentage if you choose. We will also withhold 2% California income tax from these distributions unless you are not a California resident, or you elect to not withhold California state tax.

## SECTION 5 – LIFETIME AND 10 YEAR ANNUITY TAX WITHHOLDING INSTRUCTIONS

Complete this section if you elected a lifetime annuity or a period-certain 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 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 5.1 – 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 the EDD Form DE-4P to calculate state tax withholding. You may designate a dollar amount to withhold instead of claiming withholding allowances.

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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](http://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.

**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](http://irs.gov).

## SECTION 5.2 – 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 may also 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.

### SECTION 5.2.2.1 – INCOME FROM YOUR OR A SPOUSE’S JOB, OTHER PENSIONS OR ANNUITIES

Enter income from a job, a pension or annuity income (including a spouse’s job, pension or annuity) in Section 5.2.2.1 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 received income from a job, pension or annuity.

### SECTION 5.2.2.2 – 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 dependent who generally lives with you for more than half the year, and must have the required 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.

## CAUTION!

If you (or if married filing jointly, you or your spouse) have a job, do not complete Section 5.2.2.2 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 5.2.2.3 – 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.

**Additional 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*.

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## THE FOLLOWING EXAMPLES WILL ASSIST YOU IN COMPLETING SECTIONS 5.2.2.1, 5.2.2.2 AND 5.2.2.3.

**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 in section 5.2.2.1.

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 5.2.2.3 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. If Carol also has \$1,000 of interest income, she will enter \$1,000 on line a in Section 5.2.2.3 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 5.2.2.1

If Mia also has \$1,000 of interest income, she won't enter that amount on line a in Section 5.2.2.3 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 in section 5.2.2.1.

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 5.2.2.3 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 6 – REQUIRED SIGNATURES

Check all boxes that apply, then sign and date your *Cash Balance Retirement Application Change Request* form. Your signature date is the date you signed this form. If you're married or registered as a domestic partner, your spouse or partner must also sign and date this form.

If your spouse or registered domestic partner does not sign this form, you must include a completed and signed *Justification for Non-Signature of Spouse or Registered Domestic Partner* form (MS1125A).

If you divorced or terminated a registered domestic partnership and a portion of your CalSTRS benefits was awarded to a former spouse or partner, check that box. You may need to refer to your settlement agreement to make this determination. In addition, if your court documents have not been reviewed by CalSTRS, we may ask you to provide them.

Keep a copy of your completed form for your records. If you fax this form, keep a copy of the confirmation page—we are unable to call and confirm receipt of your faxed forms.

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## SUBMITTING YOUR APPLICATION

Submit pages 1–8 of your *Cash Balance Retirement Application Change Request* form by one of the following methods. Keep a copy for your records.

### **Hand Delivery**

Hand-deliver your form to a local CalSTRS office (see the *Your Retirement Guide* booklet or visit [CalSTRS.com/forms-drop](http://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 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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## SPECIAL TAX NOTICE: YOUR ROLLOVER OPTIONS

### INTRODUCTION

You are receiving this notice because all or a portion of your CalSTRS Defined Benefit Supplement, Defined Benefit refund or Cash Balance payment may be eligible for a rollover to an IRA or another eligible 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.

The following summarizes tax information and is provided in accordance with Section 402(f) of the Internal Revenue Code. CalSTRS does not provide tax information or advice. Consult a tax professional, the Internal Revenue Service or the State Franchise Tax Board for specific information and to confirm that any relevant tax laws have not changed since this notice was released.

Certain California tax information is also provided. In general, California law conforms to federal tax laws. However, there are some differences between California and federal law.

In addition, if you do not meet California residency criteria, your CalSTRS benefits are not subject to state income tax. For additional information, visit [ftb.ca.gov](http://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% additional federal income tax and a 2.5% additional California state income tax on early distributions, unless an exception applies.

If you do a rollover, however, you will not have to pay tax until you receive distributions later and the 10%

additional federal income tax and 2.5% additional state income tax will not apply if those distributions are made after you are age 59½, or if an exception applies.

#### Where may I rollover my CalSTRS payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or another eligible employer plan (a tax-qualified plan, 403(b) plan or 457(b) plan) that will accept the rollover. The rules of the IRA or 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 choose 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 another eligible employer plan. You should contact the IRA sponsor or the administrator of the plan for information on how to do a direct rollover.

If you do a direct rollover of only a portion of your CalSTRS payment and a portion is paid to you at the same time, the portion directly rolled over consists first of the amount that would be taxable if not rolled over.

**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 at least 20% of the payment for federal income taxes. You may elect a higher percentage if you choose. Unless you elect to not have state tax withheld or you are a nonresident of California, CalSTRS will withhold at 2%.** 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% 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 in the year distributed and will be subject to the 10% additional federal income tax and the 2.5% additional state income tax on early distributions if you are under age 59 ½, unless an exception applies.

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## 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 in the calendar year in which you turn age 72 (age 70 ½ if you were born prior to July 1, 1949) or after death.
- Corrective distributions of contributions that exceed tax law limitations.

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

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

If you are under age 59 ½, you will have to pay the 10% additional federal income tax and 2.5% additional state 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 applies to the part of the distribution that you must include in income and is in addition to the regular federal and state income taxes on the payment not rolled over.

The 10% additional federal income tax and the 2.5% 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 made 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 whether or not you itemize deductions for the taxable year.
- Payments for certain distributions related to certain federally declared disasters.
- Certain coronavirus related distributions.

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

If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional federal income tax and 2.5% additional state income tax on the part of the distribution that you must include in income 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:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation does not apply.
- 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 for health insurance premiums 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 your payment are not taxed upon distribution. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However,

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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. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a 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 your CalSTRS payment and the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of your entire CalSTRS payment to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth 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 eligible 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 eligible 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.

## **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.

Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, 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-A, *Contributions to 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**

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% additional income tax and 2.5% 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).

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% additional federal income tax and 2.5% additional state income tax on early distributions, unless an exception applies. Nonqualified Roth IRA distributions are treated as coming first from after-tax contributions. You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publications 590-A, *Contributions to Individual Retirement Arrangements* and 590-B, *Distributions from Individual Retirement Arrangements*.

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.



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## **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% additional federal income tax and 2.5% 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 59 ½ will be subject to the 10% additional federal income tax and 2.5% additional state income tax on early distributions, unless an exception applies. In addition, required minimum distributions from your Traditional IRA don't have to start until after you reach the age at which you are subject to required minimum distributions. If you were born prior to July 1, 1949, you were subject to required minimum distributions beginning in the year you reached age 70 ½. If you were born on or after July 1, 1949, you are subject to required minimum distributions in the year you reach age 72.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional federal income tax and 2.5% 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 72 (age 70 ½ if the member was born before July 1, 1949).

**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% additional federal income tax and 2.5% additional state income tax on early distributions. The entire balance of the inherited IRA must be distributed by the end of the 10th calendar year following the year of the member's death, unless you are an "eligible designated beneficiary." An eligible designated beneficiary is a beneficiary designated under the terms of CalSTRS who is any of the following:

- The surviving spouse of the member,
- A child of the member who has not reached the age of majority (18 in California and most other states).
- A chronically ill individual as defined in Internal Revenue Code Section 401(a)(9)(E)(ii)(IV).
- Any other individual who is not more than 10 years younger than the member.

Required minimum distributions to an eligible designated beneficiary may be made over a period based on the beneficiary's life expectancy, beginning no later than the year after the member's year of death.

Different rules apply if the member died before January 1, 2020. Consult your tax advisor and your IRA provider about minimum required distributions.

## **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 and the same tax treatment that 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). However, payments under the QDRO will not be subject to the 10% additional federal income tax or 2.5% 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. eligible employer plan, CalSTRS is generally required to withhold 30% 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*, IRS Publication 515, *Withholding of Tax on Nonresident*

# Cash Balance Retirement Benefit Application Change Request Instructions

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*Aliens and Foreign Entities*, and FTB Publication 1100, *Taxation of Nonresidents and Individuals Who Change Residency*.

## 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, CalSTRS is not required to allow you to do a direct rollover and is not required to withhold 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 rollover will be issued directly to you according to the payment preference on file for your account.

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*. You may also have special rollover rights if you were affected by a federally declared disaster or similar event, if you received a distribution on account of a disaster, or if your distribution is or was due to a qualified child birth or adoption. For more information, visit [irs.gov](http://irs.gov).

## FOR MORE INFORMATION

See the *Tax Considerations for Rollovers* booklet at [CalSTRS.com](http://CalSTRS.com). You should also 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*; Publication 590-A, *Contributions to Individual Retirement Arrangements*; Publication 590-B, *Distributions from Individual Retirement Arrangements*; and Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, at [irs.gov](http://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](http://ftb.ca.gov) or call 800-852-5711 (or 916-845-6500 if calling from outside the U.S.). Also see FTB Publication 1005, *Pension and Annuity Guidelines*.

## RIGHT TO RECEIVE PAPER DOCUMENT

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

## RIGHT TO WITHDRAW YOUR CONSENT

You have the right to withdraw consent to receive electronic delivery of the *Special Tax Notice: Your Rollover Options* at any time. Withdrawal of your consent may delay processing of your application. If you would like to withdraw your consent to receive electronic delivery of the *Special Tax Notice: Your Rollover Options*, contact CalSTRS and request to receive this notice and application as a written paper document at no charge.

## Scope of Your Consent

Consent to receive electronic delivery of the *Special Tax Notice: Your Rollover Options* applies only to the particular transaction.

## CalSTRS Contact Procedures

If you have questions about the procedures for receiving a written paper document or to update your electronic information, contact CalSTRS at 800-228-5453, [CalSTRS.com/contactus](http://CalSTRS.com/contactus) or 916-414-5040 (fax).

## Software Requirements

The software requirements needed to access and retain this *Special Tax Notice: Your Rollover Options* follow:

- Internet Explorer, Version 7.0 and above
- Mozilla Firefox, Version 3.0 and above
- Apple Safari, Version 3.0 and above
- Google Chrome, Version 4.0 and above

Use Adobe® Reader® to view, print and save this notice and other CalSTRS important online documents. If you do not have Adobe Reader installed on your computer, you may download the free program from the Adobe website.

CalSTRS is not responsible for any hardware or software problems resulting from the installation of any third-party tools, including Web browsers, programs or plug-ins listed. Any third-party providers listed here are governed by their own terms of use and privacy policies.

**Cash Balance  
Retirement  
Application Change  
Request**

CB 1328 rev. 08/23

[For CalSTRS' Official Use Only]

**CALSTRS**

P.O. Box 15275, MS 65  
Sacramento, CA 95851-  
0275  
800-228-5453  
CalSTRS.com

Use this form to change only those elections made or confirmed on the *Cash Balance Retirement Benefit Application*. We must receive all changes **no later than 30 days after your first payment is issued by CalSTRS.**

Read the instructions carefully before completing this form.

**Section 1: Participant Information**

Client ID OR Social Security Number: \_\_\_\_\_

Last Name: \_\_\_\_\_

First Name: \_\_\_\_\_ MI: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Date of Birth (MM/DD/YYYY): \_\_\_\_\_ Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

**Section 2: Retirement Date Change or Cancellation**

Check the appropriate box. I previously submitted my *Cash Balance Retirement Benefit Application* and I now request to:

Change my retirement date from: \_\_\_\_\_ to \_\_\_\_\_  
(MM-DD-YYYY) (MM-DD-YYYY)

Cancel my retirement.



**Section 3: Method of Payment Change**

**Confirm previous Cash Balance Election**

**Change** my Cash Balance election from my current choice as elected on my *Cash Balance Retirement Benefit Application* to my new election below.

1.  **I choose to receive my Cash Balance retirement benefit as a one-time lump-sum payment.**

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 employment termination date.

You must select one of the following methods of distribution:

- I choose to have my Cash Balance retirement benefit mailed directly to me at the address listed in section 1. **You must also complete Section 4: Direct Payment Lump Sum and Period-Certain Annuities of 3 to 9 Years Tax Withholding Preferences.**
- I choose to rollover all or part of my Cash Balance retirement benefit to the financial institution on section 3.2 or 3.3.

2.  **I choose to receive my Cash Balance retirement benefit as monthly annuity payments.** I understand my Cash Balance Benefit account balance must be at least \$3,500 to receive an annuity retirement benefit. **Select one of the following:**

- Participant-Only Annuity
- 100% Beneficiary Annuity\*
- 75% Beneficiary Annuity\*
- 50% Beneficiary Annuity\*
- Period-certain annuity. Number of years. **Choose one:**  3  4  5  6  7  8  9  10

**For period-certain annuities of 3 to 9 years, you may receive the payments as a rollover.**

- Process the period-certain annuity payments as complete trustee-to-trustee transfers (rollover).
  - You must complete section 3.2 or 3.3.

**For annuity payments that will not be rolled over, choose one of the following payment address options:**

- Mail the payments directly to me at the address listed in section 1.
  - You must complete section 4.
- Send the payments electronically to my financial institution (direct deposit).
  - You must complete the *Direct Deposit Authorization* form (AS-1130).

**\* You must also complete Section 3.1: Annuity Beneficiary Information**

**Section 3.1: Annuity Beneficiary Information – If required from Section 3**

If you are electing a special needs trust, check the box below, provide your beneficiary information below, and complete the *Certification of a Special Needs Trust* form, available at [CalSTRS.com/forms](http://CalSTRS.com/forms), and submit it with your application.

I am electing a special needs trust.

Beneficiary's Name (Last, First, Initial) \_\_\_\_\_ Beneficiary's Social Security Number or Tax ID \_\_\_\_\_

Mailing Address \_\_\_\_\_ Date of Birth (MM/DD/YYYY) \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Email Address \_\_\_\_\_ Telephone Number \_\_\_\_\_

Member of CalSTRS:  Yes  No

Gender:  Male  Female  Nonbinary

Relationship:  Spouse  Registered Domestic Partner  Other

Date of Birth (MM/DD/YYYY): \_\_\_\_\_

**If your beneficiary is not a member of CalSTRS, you must attach birth date verification:** Your beneficiary must be a living person or special needs trust and cannot be another type of trust, charity or other entity.

State-issued ID  Birth certificate  U.S. passport ID page  Other

**Section 3.2: Rollover to CalSTRS Pension2**

**Complete this section if your rollover is to Pension2.**

I choose to roll over all or part of my Cash Balance retirement benefit to Pension2. Only period-certain annuities of 3 to 9 years are eligible for a rollover. Complete the information below. If you already have a Pension2 account, we will roll over your Cash Balance retirement benefit into 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](http://CalSTRS.com/Pension2) or call 844-353-2872.

Rollover of **Tax-Deferred Contributions and Interest**

**Select one:**  Amount to transfer: \$ \_\_\_\_\_ **OR**  Percentage to transfer (1-100%): \_\_\_\_\_%

**Next:** If you:

- Choose to rollover **100%** of your Cash Balance retirement benefit account to Pension2, **skip to section 6**
- Choose to **roll over less than 100%** of your Cash Balance retirement benefit, **go to section 4** to indicate your tax withholding preferences.

**Section 3.2: Rollover to CalSTRS 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 and no front or back-end 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 3.3: Rollovers to Another Qualified Plan – Financial Institution Information****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 distribution to another qualified plan with a financial institution. Only lump-sum payments and period-certain annuities of 3 to 9 years are eligible for a rollover. Complete section 4, "Tax Withholding Preferences", if you elect to receive any portion of your tax-deferred funds as a direct payment.

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.

Complete the information below and check all boxes that apply:

I have attached a letter of acceptance from my financial institution.

**Select one:**  Amount to transfer: \$\_\_\_\_\_ **OR**  Percentage to transfer (1-100%): \_\_\_\_\_%

**Select one:**  Traditional, SEP or SIMPLE IRA  Roth IRA (taxable rollover)

Other eligible plan such as 403(b), 457(b), 401(k) or 401(a)

Make Check Payable To (Full Name of Financial Institution)

Account Number

**Section 4: Lump-Sum Direct Payment and Period-Certain Annuities of 3 to 9 Years Tax Withholding Preferences****Rollover Eligible**

Federal law requires we 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 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 withheld, we 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](http://irs.gov) for additional information and instructions.

**Nonrollover 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 nonperiodic payments unless you enter a different rate on the line below.

If you choose to have California state tax withheld, we will withhold 2% for state tax.

**Withhold** California state income tax?  Yes  No

**Withhold** federal income tax?  Yes  No

Complete this line if you would like a rate of withholding that is different from the default withholding rate: \_\_\_\_\_%

**Note:** See [irs.gov](http://irs.gov) for information and instructions on Form W-4R

Continued on following page.

**Section 5: 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 5.1: California State Income Tax Withholding****Section 5.1.1: Withholding Instructions**

**Do not** withhold California income tax.

**OR**

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

Single \_\_\_\_\_ (Enter 0 or a number of allowances.)

Married \_\_\_\_\_ (Enter 0 or a number of allowances.)

Head of Household \_\_\_\_\_ (Enter 0 or a number of allowances.)

**OR**

**Withhold** exactly \$\_\_\_\_\_ from each benefit payment. (Enter a flat dollar amount only.)

**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 5.2: Federal Income Tax Withholding****Section 5.2.1: Withholding Instructions**

**Do not** withhold federal income tax.

**OR**

**Withhold** federal income tax based on tax tables for (choose one):

Single or married filing separately

Married filing jointly or qualifying widow(er)

Head of Household (check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual)

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

Continued on following page.



**Section 5.2.2: Additional Income and Other Adjustments**

Complete sections 5.2.2.1, 5.2.2.2 and 5.2.2.3 below only if they apply to you. See the instructions for more information.

**Section 5.2.2.1: 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. <b>Job income.</b> 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. <b>Pension or annuity income.</b> 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. <b>Total.</b> Add the amounts above.  | \$ |

**Section 5.2.2.2: Claim Dependent and Other Credits**

**NOTE:** If line a of section 5.2.2.1 is blank and the pension or annuity pays the most annually, complete section 5.2.2.2 through line b in section 5.2.2.3. Otherwise, do not complete section 5.2.2.2 through line b of section 5.2.2.3.

**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                     | \$ |
| <b>Total.</b> Add the amounts for qualifying children, other dependents, and other credits. | \$ |

**Section 5.2.2.3: Optional Adjustments**

- |   |    |
|---|----|
| a. <b>Other income (not from jobs and pension or annuity payments).</b> 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. <b>Deductions.</b> 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. <b>Extra withholding.</b> Enter any additional tax you want withheld from each payment.  | \$ |

## Section 6: Required Signatures

Check all that apply to your current and previous marital status. (You must check at least one.)

- 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 *Justification for Non-Signature of Spouse or Registered Domestic Partner* form.
- I have never been married or in a registered domestic partnership.
- I am widowed, or my 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 certify that I have read the *Cash Balance Retirement Benefit Application Change Request* form instructions. I fully understand that if these changes are approved by CalSTRS—and if needed, verified by my employer—I will be officially retired as of the retirement date I requested, provided CalSTRS receives this form no later than 30 days from the date my first benefit payment is issued by CalSTRS.

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/or a fine of up to \$5,000 (Education Code section 22010).

\_\_\_\_\_  
Participant's Signature Signature Date (MM/DD/YYYY)

\_\_\_\_\_  
Current Spouse's or Registered Domestic Partner's Signature Signature Date (MM/DD/YYYY)

\_\_\_\_\_  
Current Spouse's or Registered Domestic Partner's Printed Name Signature Date (MM/DD/YYYY)