

## Income Tax Withholding Preference Certificate

AD-0908 (Rev. 10/2009)

**READ INSTRUCTIONS ON REVERSE BEFORE COMPLETING**

<p>Please indicate how you would like income tax withheld from your monthly CalSTRS benefit payment. Unless you elect otherwise, the law requires that income tax be withheld from payments based on rates for a married person claiming three withholding exemptions.</p>	<p>CalSTRS Date Stamp</p>
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**Member / Payee Information**

Payee Name (person receiving payment)	Payee Social Security Number
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Member Name (original account holder)	Member Social Security Number	Payee Phone Number ( )
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**If your address is not in the U.S., see "Payments Delivered Outside the United States" on the reverse side of this form.**

Payee Address	Number	Street	Apt. #
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City	State	Zip Code
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Type of payment(s) you want this withholding preference applied to:

**If you are receiving a MONTHLY benefit, complete the following section.**

<p><b>CALIFORNIA STATE INCOME TAX WITHHOLDING</b></p> <p><input type="checkbox"/> ← DO NOT withhold State of California Income Tax.</p> <p><input type="checkbox"/> ← WITHHOLD State of California Income Tax          WITHHOLD only \$ _____ per month.          (Enter a flat amount only. Please do not enter a percentage %)</p> <p><b>WITHHOLD STATE OF CALIFORNIA INCOME TAX based on the tax tables for (choose one)</b></p> <p><input type="checkbox"/> ← MARRIED with ____ (Enter 0 or number of exemptions)</p> <p><input type="checkbox"/> ← SINGLE with ____ (Enter 0 or number of exemptions)</p> <p><input type="checkbox"/> ← HEAD of HOUSEHOLD with ____ (Enter 0 or number of exemptions)</p> <p>WITHHOLD \$ _____ per month in addition to the amount to be withheld based on the State tax tables. (Enter a dollar amount only)</p>	<p><b>FEDERAL INCOME TAX WITHHOLDING</b></p> <p><input type="checkbox"/> ← DO NOT withhold Federal Income Tax.</p> <p><input type="checkbox"/> ← WITHHOLD Federal Income Tax          WITHHOLD only \$ _____ per month.          (Enter a flat amount only. Please do not enter a percentage %)</p> <p><b>WITHHOLD FEDERAL INCOME TAX based on the tax tables for (choose one)</b></p> <p><input type="checkbox"/> ← MARRIED with ____ (Enter 0 or number of exemptions)</p> <p><input type="checkbox"/> ← SINGLE with ____ (Enter 0 or number of exemptions)</p> <p>WITHHOLD \$ _____ per month in addition to the amount to be withheld based on the Federal tax tables. (Enter a dollar amount only)</p>
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**If you will receive a ONE-TIME lump-sum distribution, complete the following section:**

<p><b>CALIFORNIA STATE INCOME TAX WITHHOLDING</b>          The California withholding rate for non-periodic distributions is 6 % of the taxable amount.</p> <p>Check one of the following:</p> <p><input type="checkbox"/> ← WITHHOLD CA State Income Tax</p> <p><input type="checkbox"/> ← DO NOT withhold California State Income Tax</p>	<p><b>FEDERAL INCOME TAX WITHHOLDING</b>          The Federal withholding rate for non-periodic distributions is 20 % of the taxable amount. (Some non-periodic distributions may be eligible for a different Federal Income Tax Withholding rate. For additional information please contact the IRS, California Franchise Tax Board or a qualified tax Professional)</p> <p>Check one of the following:</p> <p><input type="checkbox"/> ← WITHHOLD Federal Income Tax</p> <p><input type="checkbox"/> ← DO NOT withhold Federal Income Tax</p>
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Payee Signature	Date

## INCOME TAX WITHHOLDING CERTIFICATE INSTRUCTIONS

### FEDERAL AND CALIFORNIA STATE WITHHOLDING REQUIREMENTS

Federal and California State statutes require income tax withholding on distributions from pensions, annuities, and deferred compensation plans unless a payee elects otherwise. Therefore, the California State Teachers' Retirement System (**CalSTRS**) must withhold income tax on all benefit payments unless the payee has filed an election not to have withholding apply. CalSTRS benefit recipients must make their election on the **CalSTRS Income Tax Withholding Preference Certificate, AD0908**.

### COMPLETING THE FORM

If you do not return this form, CalSTRS will withhold income tax from an ongoing payment in accordance with the established rate for a married individual claiming three withholding exemptions. If you do not want withholding applied, you must return the form with the "Do not withhold" boxes checked.

The number of state withholding exemptions you claim may be different from the number of exemptions you claim for federal withholding. **Note:** If you previously submitted federal and state withholding instructions to CalSTRS and you now wish to change one or the other - **but not both**, complete **only** the section which pertains to the change you wish to make at this time. Withholding for the other will remain the same.

If you are receiving different types of ongoing payments from CalSTRS, you may elect a different withholding amount for each type of payment. Please indicate the type of payment that you want this withholding election applied to in the space provided. Please complete a separate form, if you want a different withholding for different types of payments. In the space provided, you may specify the withholding of a **flat dollar amount**. You may also specify a **flat dollar amount**, in addition to the amount to be withheld based on the state and federal tax tables.

The election you submit on this form will take effect within 60 days after the form is received by CalSTRS. Usually, if the form is received by the first of the month, the changes will be in effect for the next payment. Your tax withholding preference will remain in effect until you change or cancel it. A change or cancellation may be made at any time by completing and submitting to CalSTRS a new Tax Withholding Preference Certificate, AD0908.

**NOTE:** Remember that there may be penalties for not paying enough tax during the year, either through withholding or estimated tax payments.

### PAYMENT DELIVERED OUTSIDE THE UNITED STATES

The Internal Revenue Services *does not* provide the option to waive your payment from federal income tax. As an out of the country payee, your tax withholding rate is in compliance with the Internal Revenue Service as referenced in IRS Publication 901 (U.S. Tax Treaties) and IRS Publication 519 (U.S Tax Guide for Aliens). CalSTRS is required by law to apply the federal tax rates as established by the IRS.

If you have questions regarding your tax withholding rate, we encourage you to contact the Internal Revenue Service at 800-829-1040 or you may visit the IRS Web site at [www.IRS.GOV](http://www.IRS.GOV).

### NON-RESIDENTS OF CALIFORNIA RECEIVING A CALIFORNIA PENSION

Federal law prohibits California from taxing pension benefits paid to recipients who reside outside the state. However, if you reside outside California and you feel you still may be liable for California State tax, you may continue to request state tax withholding from CalSTRS.

### QUESTIONS?

CalSTRS provides limited tax information. Contact CalSTRS at 800-228-5453 to request MS-1357 "Tax Considerations for Rollovers". You can also view and print this information at [CalSTRS.com](http://CalSTRS.com) in the publications section.

We also suggest you read the IRS Publication 575, "Pension and Annuity Income" and the California Franchise Tax Board Publication FTB 1005, "Pension and Annuity Guidelines", or contact a qualified tax professional for advice.