

# Income Tax Withholding Preference Certificate Instructions

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Read these instructions before completing this form. Print or type in dark ink. Initial all corrections. You can also elect your tax withholding preferences online using your *myCalSTRS* account at [myCalSTRS.com](http://myCalSTRS.com).

Use this form to indicate your federal and state income tax withholding from your benefit payments. The method and rate of withholding depends on whether the payment is monthly, a lump sum or an eligible rollover distribution; whether the payment is delivered outside the U.S., or its commonwealths and possessions; and whether the recipient is a nonresident alien individual, a nonresident alien beneficiary or a foreign estate.

The elections you make will take effect within one to two pay periods after we receive your form. If valid, your income tax withholding preferences will remain in effect until you change or cancel them. Because your tax situation may change from year to year, you may want to review your withholdings elections each year.

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

Under federal law, California cannot tax your benefit payment if you reside outside California. If you do not live in California but think you may be liable for California state income tax, you may request CalSTRS to withhold state income tax. In absence of any additional documentation, CalSTRS will use the address we have on record to determine your state tax withholding.

**Choosing not to have income tax withheld:** You (or in the event of death, your beneficiary or estate) can choose not to have federal income tax withheld from your payments that are not eligible for rollover.

**Note:** There are penalties for not paying enough federal and state tax during the year, either through withholding or estimated tax payments. See IRS Publication 505, *Tax Withholding and Estimated Tax*, at [irs.gov](http://irs.gov). It explains your estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your benefit payment. Visit the Franchise Tax Board's website at [ftb.ca.gov](http://ftb.ca.gov) to learn more.

## SECTION 1: YOUR INFORMATION

Enter your full name, Client ID or Social Security number, mailing address and telephone number. You can find your Client ID on your payment statement and *Retirement Progress Report*. For an estate, enter the estate's

employer identification number instead of the Social Security number.

## SECTION 2: PAYMENT TYPES

Check a box to indicate the type of payments you want your withholding preferences applied to. Complete a separate form for each type of payment you receive from CalSTRS. See your benefits application or warrant for account information.

## SECTION 3: TAX WITHHOLDING FOR LIFETIME BENEFIT OR 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 3.1 CALIFORNIA STATE INCOME TAX WITHHOLDING

If you want California state income tax withheld, indicate the number of withholding allowances and your marital status by checking the appropriate box, and specify an additional flat dollar amount, if any. Use the EDD Form DE-4P to calculate state tax withholding. You may designate a dollar amount to withhold instead of claiming withholding allowances.

California does not tax the CalSTRS benefits of nonresidents. To learn more about California residency, see Franchise Tax Board Publication 1031, *Guidelines for Determining Resident Status*, at [ftb.ca.gov](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.

### SECTION 3.2 FEDERAL INCOME TAX WITHHOLDING

To elect federal income tax withholding, you must designate your expected filing status and provide additional information regarding your income and that of your spouse. You may adjust the amount to be withheld by providing information regarding dependent credits and other credits you expect to claim on your tax return. You also may elect to have CalSTRS withhold tax for income you receive elsewhere; reduce withholding by reporting expected tax deductions; and designate an additional amount to be withheld from each benefit payment. You cannot designate a specific dollar amount only to be withheld for federal tax.

# Income Tax Withholding Preference Certificate Instructions continued

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

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

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

The following examples will assist you in completing this section.

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

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

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

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

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

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

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

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

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

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

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

**SECTIONS 3.2.2.2 and 3.2.2.3 SPECIAL INSTRUCTIONS:** Credits, other income and deductions in Sections 3.2.2.2 and 3.2.2.3 (lines a and b) may only be entered once, and you must make the claim on your highest paying retirement account or on a W-4, if you have job.

## SECTION 3.2.2.2 CLAIM DEPENDENT AND OTHER CREDITS

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

# Income Tax Withholding Preference Certificate Instructions continued

## SECTION 3.2.2.3 OPTIONAL ADJUSTMENTS

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

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

**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*.

## SECTION 4: TAX WITHHOLDING FOR ROLLOVER ELIGIBLE DISTRIBUTIONS PAID DIRECTLY TO YOU (FOR A PERIOD-CERTAIN ANNUITY OF 3 TO 9 YEARS)

Distributions that are eligible for rollover but are not directly rolled over to another tax-qualified retirement plan or IRA are subject to a mandatory 20% federal withholding rate and 2% rate for state tax withholding. CalSTRS is required to withhold at least the mandatory 20% for federal tax, but you may designate a higher percentage if you choose. The state tax withholding is optional. If you do not complete this section, we will withhold state income tax from your payment at 2% unless your address is outside California. If you do not want state income tax withheld, check the appropriate box.

CalSTRS will not withhold the 20% federal income tax for eligible rollover distributions transferred directly into an IRA or other qualified plan.

Distributions that are not rollover eligible are not subject to the mandatory 20% federal income tax withholding. See IRS Publication 505 and the CalSTRS booklet, *Tax Considerations for Rollovers*, for details.

## SECTION 5: REQUIRED SIGNATURE

Sign and date your form before submitting it to CalSTRS. Your form will not be accepted without your signature and date.

## QUESTIONS

For information about federal tax withholding, contact the IRS at 800-829-1040 or visit [irs.gov](http://irs.gov). For information about state tax withholding, contact the California Franchise Tax Board at 888-792-4900 or visit [ftb.ca.gov](http://ftb.ca.gov).

For additional information, see the *Tax Considerations for Rollovers* booklet, available at [CalSTRS.com](http://CalSTRS.com) or by calling 800-228-5453 to have a booklet mailed to you.

Also read IRS Publication 575, *Pension and Annuity Income*, and FTB Publication 1005, *Pension and Annuity Guidelines*, or contact a qualified tax professional.

Find a tax withholding calculator at [irs.gov/individuals](http://irs.gov/individuals) to help determine your withholding elections. Also see the worksheets at [irs.gov/pub/irs-pdf/fw4p.pdf](http://irs.gov/pub/irs-pdf/fw4p.pdf) and [edd.ca.gov/pdf\\_pub\\_ctr/de4p.pdf](http://edd.ca.gov/pdf_pub_ctr/de4p.pdf).

## PAYMENTS TO FOREIGN PERSONS AND PAYMENTS DELIVERED OUTSIDE THE U.S.

If you're a U.S. citizen and resident, federal tax withholding is required on monthly or lump-sum payments delivered to you outside the U.S. or its possessions. See IRS Publication 505 at [irs.gov](http://irs.gov) for details.

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

If you're a nonresident alien, nonresident alien beneficiary or foreign estate, in the absence of a tax treaty exemption, monthly or lump-sum payments generally are subject to a 30% federal withholding tax on the taxable portion of payments from U.S. sources. See IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, and IRS Publication 519, *U.S. Tax Guide for Aliens*, at [irs.gov](http://irs.gov).

If you're a foreign individual, submit Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, to CalSTRS before receiving any payments.

## ANNUAL STATEMENT OF FEDERAL INCOME TAX WITHHELD

By January 31 of next year (and each following year), CalSTRS will furnish a statement to you on Form 1099-R showing the total amount of benefit payments and the total federal income tax withheld during the preceding year. If you're a foreign individual who has provided CalSTRS with Form W-8BEN, CalSTRS instead will furnish a statement to you on Form 1042-S, *Foreign Person's U.S. Source Income Subject to Withholding*, by March 15 of the following year.

# Income Tax Withholding Preference Certificate

AD 0908 rev 12/22

**CALSTRS**  
California State Teachers' Retirement System  
P.O. Box 15275, MS 85  
Sacramento, CA 95851-0275  
800-228-5453  
CalSTRS.com

Use this form to indicate how you would like income tax withheld from your CalSTRS benefit payments.

## Section 1: Your Information

Your Name (Last, First, Initial)

Your Client ID or Social Security Number

Address

Phone Number

(     )

City

State

ZIP Code

## Section 2: Payment Type

Complete a separate form for each type of payment you receive from CalSTRS. Note: Complete sections 3.2.2.2 and 3.2.2.3 lines a and b only if you do not have income from a job and this is your highest paying retirement account.

Payments you want these withholding preferences applied to (select only one):

- Service Retirement     Disability     Survivor     Option Beneficiary     Nonmember Spouse     Court-Ordered Payment  
 Defined Benefit Supplement Annuity     Other CalSTRS Payment (please specify) \_\_\_\_\_

## Section 3: Withholding for Lifetime Benefit or 10-Year Annuity

### Section 3.1 California State Income Tax Withholding

#### Section 3.1.1 Withholding Instructions

- Do not withhold California state income tax.  
**OR**  
 Withhold only \$ \_\_\_\_\_ from each benefit payment.  
Enter a dollar amount only.  
**OR**  
 Withhold California state income tax.  
Withhold California state income tax based on the tax tables for (choose one):  
 Single with \_\_\_\_ (Enter 0 or number of allowances.)  
 Married with \_\_\_\_ (Enter 0 or number of allowances.)  
 Head of household with \_\_\_\_ (Enter 0 or number of allowances.)  
**Additional withholding:** \$ \_\_\_\_\_ from each benefit payment in addition to the amount to be withheld based on the state tax tables. You must select one of the options above if you want additional withholding. Enter a dollar amount only.

### Section 3.2 Federal Income Tax Withholding

#### Section 3.2.1 Withholding Instructions

- Do not withhold federal income tax.  
**OR**  
 Withhold federal income tax based on the 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 specific dollar amount cannot be withheld for federal income tax unless you also withhold according to the federal tax tables.



# Income Tax Withholding Preference Certificate (continued)



Name \_\_\_\_\_ Client ID or SSN \_\_\_\_\_

## Section 3.2.2 Additional income and other adjustments

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

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

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

<b>a. 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-."	\$
<b>c. Total.</b> Add the amounts above.	\$

### Section 3.2.2.2 Claim dependent and other credits

**Note:** If line a of section 3.2.2.1 is blank and this pension or annuity pays the most annually, complete section 3.2.2.2 through line b in section 3.2.2.3. Otherwise, do not complete section 3.2.2.2 through line b of section 3.2.2.3.

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 3.2.2.3 Optional adjustments

<b>a. 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.	\$
<b>c. Extra withholding.</b> Enter any additional tax you want withheld from <b>each payment</b> .	\$

## Section 4: Withholding for Rollover Eligible Distributions Paid to You (Period-Certain Annuities of 3–9 Years)

### CALIFORNIA STATE INCOME TAX WITHHOLDING

- Withhold** 2% California state income tax.
- Do not withhold** California state income tax.

### FEDERAL INCOME TAX WITHHOLDING

**CalSTRS must withhold 20% federal income for tax.**

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

Enter a whole number (no decimals): \_\_\_\_\_%

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

## Section 5: Required Signature



Signature \_\_\_\_\_

Signature Date (MM/DD/YYYY) \_\_\_\_\_