

Service Retirement Application Instructions

This application is for Defined Benefit members who are retiring from service. With your signature on page 10 of this application, you certify that you have read the application instructions and the booklet, *Your Retirement Guide*, and are applying for service retirement. **NOTE:** You must initial all corrections on your application. If you are married or in a registered domestic partnership, your spouse or partner must also initial all corrections.

If you are applying for a disability benefit, complete the *Disability Benefits Application*—you may be eligible to receive a service retirement benefit while your application for disability benefits is being evaluated. If you are a Cash Balance Benefit Program participant, complete the appropriate *Cash Balance Benefit* application, available at CalSTRS.com/forms.

 You may be able to complete and submit your application online using *myCalSTRS* for faster processing. Step-by-step guidance is provided to ensure you complete your application correctly. Get hands-on assistance with your application by registering for a demonstration webinar at CalSTRS.com/service-retirement-application-demonstration-webinar.

The following information supplements the instructions on the *Service Retirement Application*.

SECTION 1—MEMBER INFORMATION

Include your mailing and email addresses, and home and alternate telephone numbers, 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. You can find your Client ID on your *Retirement Progress Report*.

SECTION 2—RETIREMENT INFORMATION

Retirement Date: You will be officially retired as of the retirement date you put on your application, subject to the following conditions:

1. The earliest date you can submit your application is six months before your retirement date.
2. Your retirement date must be on or after January 1, 2012.
3. The earliest date you can retire is the day after your last day of work, vacation or compensated approved leave, whichever is later.
4. Your retirement date must be at least one day after your most recent reinstatement if you previously received a service retirement benefit.
5. If you are purchasing service credit, your retirement date cannot be earlier than the date you complete payment of your service credit purchase.

NOTE: If your retirement date is not the first day of the month, your first benefit payment will be prorated for that month.

Last Date of Work, Vacation or Compensated Approved Leave: Enter the last day of work, vacation or compensated approved leave for which you were paid. This date must be before your retirement date.

An *Express Benefit Report* form must be submitted to verify your last date of work, vacation or compensated approved leave.

Please contact CalSTRS in writing if your eligible highest final compensation includes a period more than 15 years before

your last date of work, vacation or compensated approved leave from your last CalSTRS-covered employer.

Mid-Year Retirement: The process of averaging for mid-year retirees often results in a final compensation that is lower than expected. See the *Your Retirement Guide* booklet at CalSTRS.com/publications to learn more.

Reduced Benefit Election: If electing the Reduced Benefit Election, check the appropriate box and submit the *Reduced Benefit Election* form. You must be at least age 55, but under age 60, and have at least five years of service credit to apply for retirement under this program. See the *Your Retirement Guide* booklet for more information.

Other Public Retirement Systems: See the *Your Retirement Guide* booklet and the *Concurrent Retirement* fact sheet at CalSTRS.com/publications.

SECTION 3—YOUR DEFINED BENEFIT ELECTION

Section 3.1—Defined Benefit Election

Elect the Member-Only Benefit or the Modified Benefit.

If you are re-retiring within 12 months of your most recent reinstatement date, you must keep the same benefit election. If you previously elected the Member-Only Benefit, you must keep the Member-Only Benefit; if you previously elected the Modified Benefit, you must keep the Modified Benefit and the same option and beneficiary. If you re-retire after 12 months of reinstating, you may change or cancel your election before or at retirement, but CalSTRS will apply a lifetime assessment to your retirement benefit. The assessment may reduce your retirement benefit for life. Once you have retired, you may only make a postretirement option change under very limited circumstances. See the *Member Handbook* to learn more.

Member-Only Benefit

The Member-Only Benefit provides you with a monthly lifetime benefit, but it does not provide a monthly lifetime benefit to anyone when you die. It is the highest monthly benefit you can receive in retirement.

Modified Benefit

The Modified Benefit provides you with a modified monthly lifetime benefit as well as a modified monthly lifetime benefit for your option beneficiary after your death. Complete this

section if you are electing an option beneficiary or if you elected an option beneficiary before retirement.

Your option beneficiary must be a living person or persons or a special needs trust—it cannot be another type of trust, charity, estate or other entity.

You will find descriptions of the options in the *Your Retirement Guide* booklet. For an estimate of how each option would affect your monthly retirement benefit, talk to a CalSTRS benefits specialist, use the *Retirement Benefits Calculator* at CalSTRS.com/calculators or complete the benefit estimate worksheet in the *Member Handbook*.

The option and option beneficiary you elect on your retirement application become effective on your retirement date. To provide for someone or a special needs trust if you should die before retirement, see the *Member Handbook* for information on the Preretirement Election of an Option.

If you are electing an option due to a divorce or termination of a domestic partnership, contact the Community Property Section of the CalSTRS Office of General Counsel at 916-414-1725.

Beneficiary Information

Enter your option beneficiary information if you elect an option other than the Compound Option. Include birth date verification if your beneficiary isn't a CalSTRS member. Acceptable birth date verification documents include a photocopy of a birth certificate, state-issued ID, U.S. passport ID page or certain U.S. military IDs. If you elect the Compound Option, complete your beneficiary information on the *Compound Option Election* form and include the form with your *Service Retirement Application*.

NOTE: If you wish to elect an option for the benefit of a special needs trust, you must include the *Certification of a Special Needs Trust* form (SR-1854), available at CalSTRS.com/forms, with this application.

Your option beneficiary election is different from your one-time death benefit recipient. To designate a recipient to receive the death benefits payable in the event of your death, complete the *Recipient Designation* form.

SECTION 4—YOUR DEFINED BENEFIT SUPPLEMENT ELECTION

Section 4.1—Defined Benefit Supplement Election

If you made retirement contributions to CalSTRS on or after January 1, 2001, you have a Defined Benefit Supplement account.

Your Defined Benefit Supplement account balance is shown on your *Retirement Progress Report*. If your account balance is \$3,500 or more on your benefit effective date, you can choose to receive these funds as a lump-sum payment, an annuity payment or a combination of a lump-sum and annuity payment. If your account balance is less than \$3,500, you must take a lump-sum payment, which may be paid directly to you or rolled over to a qualified plan such as Pension2, if the

balance is at least \$200. See the *Your Retirement Guide* booklet for more information.

You have three payment choices for your Defined Benefit Supplement account. Choose option 1, 2 or 3 in section 4.1. If you choose to receive your funds as a lump-sum payment, a period-certain annuity of three to nine years, or a combination of the two, enter your payment instructions in section 4.2 and complete section 7 for your tax withholding preferences. If you choose a lifetime or 10-year period-certain annuity, complete section 6 for your tax withholding preferences.

Section 4.2—Defined Benefit Supplement Payment Instructions

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

Complete this section if you choose a lump-sum payment or period-certain annuity of three to nine years for your Defined Benefit Supplement funds. If you choose an annuity payment other than a period-certain annuity of three to nine years, you do not need to complete this section.

If you would like your payment to be paid directly to you, check the *Direct Payment* box. Your monthly annuity payments will be mailed to the same address or transferred to the same bank account as your retirement benefit.

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 to roll over your payment to a financial institution, check the *Rollover* box.

Be sure to read the *Special Tax Notice: Your Rollover Options* on pages 7–11 of the Instructions.

Rollover of Tax-Deferred or After-Tax Contributions and Interest

The amount of tax-deferred or after-tax 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 are going to receive a rollover-eligible distribution of \$4,000 and you choose to roll over 75% of the distribution to a qualified IRA or an eligible plan, CalSTRS will distribute \$3,000 directly to the plan you specify. The remaining 25% balance of \$1,000 paid directly to you is subject to 20% federal income tax withholding. You will receive only \$800 because \$200 is withheld for federal tax (or less, if you are a California resident and choose to not opt out of state tax withholding).

Section 4.2.1—Rollovers of Pre-tax and Post-tax to Pension2 or Another Qualified Financial Institution

If you are rolling over your Defined Benefit Supplement funds to a financial institution other than CalSTRS Pension2, you must get a signature or letter of acceptance from your financial institution before submitting your application. In addition, you will not be able to submit your application online using myCalSTRS. You must submit a hard copy of your application

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or fax it to CalSTRS. If you select Pension2 for your rollover, we will obtain the required signatures on your behalf.

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 that the financial institution 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 will be delayed. We are not able to process direct trustee-to-trustee transfers to financial institutions outside the U.S.

Please indicate the dollar amount or percentage of pre-tax and post tax contributions you would like to be rolled over. If

CalSTRS Pension2® Rollovers: 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 Defined Benefit Supplement 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. For more information or to enroll right now, visit Pension2.com or call toll free 888-394-2060.

less than the total balance, the remaining balance will be paid directly with applicable taxes applied.

Section 4.2.2–Rollovers of Post-tax Contributions to a Different Qualified Financial Plan Complete this section only if you are rolling over your post tax contributions to a different financial institution than your pre-tax contributions. If you are rolling over your Defined Benefit Supplement funds to a financial institution other than CalSTRS Pension2, you must get a signature or letter of acceptance from your financial institution before submitting your application. In addition, you will not be able to submit your application online using *myCalSTRS*. You must submit a hard copy of your application or fax it to CalSTRS.

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 that the financial institution 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 will be delayed. We are not able to process direct trustee-to-trustee transfers to financial institutions outside the U.S.

ADDITIONAL INFORMATION ON TAX WITHHOLDING PREFERENCES Applies to Sections 5, 6 and 7

Your tax withholding preferences will remain in effect until you change or cancel them. Change or cancel your preferences using the tax withholding feature on *myCalSTRS* or submit the *Income Tax Withholding Preference Certificate* form, available at CalSTRS.com/forms.

Withholding Choices: There are some differences between tax withholding for state and federal taxes. While California state taxes are calculated based on your expected filing status and withholding allowances, federal tax withholding is based on your expected filing status and other adjustments. See below for more. To help determine the appropriate number of allowances, for state taxes and for more information regarding federal tax withholding elections, see the following worksheets:

- State withholding certificate DE-4P at edd.ca.gov/pdf/pub_ctr/de4p.pdf and
- Federal withholding certificate W-4P at irs.gov/pub/irs-pdf/fw4p.pdf.

There may be penalties for not paying enough tax on your benefits during the year, either through withholding or estimated tax payments.

Addresses outside California: In compliance with federal law, California does not tax the CalSTRS benefits of nonresidents. However, if you think you may be liable for California state income tax, you may request CalSTRS to withhold state income tax. We do not withhold income tax for states other than California.

Addresses outside the U.S.: Federal law requires that federal income tax be withheld from payments delivered outside the U.S. or U.S.

territories to U.S. citizens or non-U.S. resident aliens, as well as payments made to U.S. resident aliens. U.S. citizens who have payments delivered outside the U.S. or its territories and U.S. resident aliens may elect any withholding status (married, single or head of household) and zero or more withholding allowances.

Payments delivered outside the U.S. and to Foreign Persons: If you’re a U.S. citizen and resident, non-U.S. resident alien or U.S. resident alien, federal tax withholding is required on monthly or lump-sum payments delivered to you outside the U.S. or its possessions. You cannot waive federal income tax withholding in this situation. See IRS Publication 505 at 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.

If you’re a foreign person, submit Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, to CalSTRS before receiving any payments. The form is available at irs.gov or by calling 800-829-3676.

For more information on tax liability, see IRS Publication 575, *Pension and Annuity Income*, and the California Franchise Tax Board Publication 1005, *Pension and Annuity Guidelines*, or contact a qualified tax professional.

SECTION 5—DEFINED BENEFIT TAX WITHHOLDING PREFERENCES

Federal and California state laws require us to withhold income tax on all benefit payments unless you specify otherwise. (See “Additional Information on Tax Withholding Preferences” on page 3 for more information, including state tax withholding for nonresidents.)

If you do not want taxes withheld, check the *Do Not Withhold* boxes. Be aware that there are penalties for not paying enough federal and state tax during the year, either through withholding or estimated tax payments. See IRS Publication 505, *Tax Withholding and Estimated Tax*, at irs.gov. It explains estimated tax requirements and describes penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough withheld from your benefit payments. If you want taxes withheld, mark the appropriate boxes and specify.

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.

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

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

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 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.

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.

THE FOLLOWING EXAMPLES WILL ASSIST YOU IN COMPLETING SECTION 5.2.2.1

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 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.

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 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.

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*.

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).

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 6—DEFINED BENEFIT SUPPLEMENT TAX WITHHOLDING PREFERENCES

Lifetime Monthly Annuity or 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 6.1—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.

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 6.2—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 also may elect to have CalSTRS withhold tax for income you receive elsewhere 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. If you do not complete this section, we must withhold federal income tax from your monthly benefit payments as single with no adjustments.

Section 6.2.2.1—Income from your or a spouse’s job

Enter income from a job (including a spouse’s job) in Section 6.2.2.1 if you have at least one of the following:

- Income from a job.
- Another pension or annuity.
- A spouse (if married filing jointly) who received income from a job.

Section 6.2.2.2—Optional adjustments

Additional withholding. Enter on line a any additional tax you want withheld from each payment. Entering an amount on line a 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 7—DIRECT PAYMENT: LUMP SUM OR PERIOD-CERTAIN ANNUITY OF 3-9 YEARS

If you choose to have payments paid directly to you, we must withhold at least 20% for federal taxes unless the payment amount is less than \$200. You may elect a higher percentage if you choose.

CalSTRS will withhold 2% California state tax if your address is in California unless you elect to not have state tax withheld.

SECTION 8—REQUIRED SIGNATURES

Check all boxes that apply, then sign and date your *Service Retirement Application*. If you are married or registered as a domestic partner, your spouse or partner also must sign and date your application. Your signature date is the date you signed your application.

If your spouse or registered domestic partner does not sign your application, you must include a signed *Justification for Non-Signature of Spouse or Registered Domestic Partner* form, available at CalSTRS.com/forms, with your application.

If you divorced or terminated a registered domestic partnership and a portion of your CalSTRS benefit was awarded to a former spouse or partner, check the box that indicates this. You may need to refer to your settlement agreement. If your court documents have not been reviewed by CalSTRS, you may be asked to provide them. This can delay the processing of your application.

In addition, if you provide inaccurate information regarding your marital status, your application may be void.

SPECIAL TAX NOTICE: YOUR ROLLOVER OPTIONS

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

SUBMITTING YOUR APPLICATION

Submit pages 1–12 of your *Service Retirement Application* by one of the following methods. Keep a copy for your records.

myCalSTRS

Complete and submit your application online using myCalSTRS for faster processing.

Hand Delivery

Hand deliver your application to a local CalSTRS office (see the *Your Retirement Guide* booklet or visit 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 application to:

CalSTRS
Member Services
100 Waterfront Place
West Sacramento, CA 95605

Fax Delivery

916-414-5965 or 916-414-5964

QUESTIONS

Email your questions using your myCalSTRS account or at CalSTRS.com/contact, or call 800-228-5453.

RETIREMENT CHANGE REQUESTS

If you have already submitted your *Service Retirement Application* and want to make a change or cancel your retirement, CalSTRS must receive the *Service Retirement Application Change Request* form no later than 30 days from the date your first benefit payment is issued. This form is available at CalSTRS.com/forms or by calling us. Use the form to change or cancel your retirement date, option, option beneficiary, Reduced Benefit Election or Defined Benefit Supplement election, or to make other changes.

NAME OR ADDRESS CHANGE

Notify us immediately if you change your name or mailing address. Update your contact information using your myCalSTRS account or the *Address Change Request* form, available at CalSTRS.com/forms or by calling us.

WORKING AFTER RETIREMENT

If you return to work after service retirement and perform retired member activities in the California public school system as an employee, an independent contractor or an employee of a third party, you’re subject to restrictions under state and federal law, including a separation-from-service requirement and a postretirement earnings limit. For more information, see the *Working After Retirement* fact sheet at CalSTRS.com/publications.

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 law. 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.

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 roll over 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 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 in the calendar year in which you turn age 72 (age 70½ 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 59½, 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 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 59½, 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, 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.

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 59½ 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 70½. 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 70½ 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 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.

FOR MORE INFORMATION

See the *Tax Considerations for Rollovers* booklet at 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, 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.). 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 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.

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Service Retirement Application

SR0059 rev 12/22

For CalSTRS' Official Use Only

CALSTRS

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

With my signature on page 10, I certify that I have read the instructions and the booklet, *Your Retirement Guide*, and I am applying for service retirement.

Section 1: Member Information

Client ID Number OR Social Security Number

Last Name

First Name MI

Mailing Address Email Address

City State ZIP Code

Date of Birth (MM/DD/YYYY) Home Telephone Alternate Telephone

Section 2: Retirement Information

Retirement date (MM-DD-YYYY) This date must be at least one day after your last date of work. Your first benefit payment will be calculated from this date through the end of the month in which you retire.

Last date of work, vacation or compensated approved leave (MM-DD-YYYY) This date must be at least one day before your retirement date.

I am electing retirement under the Reduced Benefit Election and have attached the *Reduced Benefit Election* form to my retirement application. 

Other Public Retirement Systems

If you are a member of any of the following California public retirement systems and you did not perform service between your CalSTRS retirement date and the other public system's retirement date, you may be able to use the other system's final compensation for service that does not overlap. Mark all that apply and your retirement dates.

I am a member of the following California public retirement systems:

CalPERS SFERS LRS UCERS 1937 ACT COUNTY—County Name _____

My retirement dates from other systems are (MM/DD/YYYY) _____



SR0059

Name _____ Client ID or SSN _____

Section 3: Your Defined Benefit Election

Section 3.1 Defined Benefit Election

I have read the instructions that describe the Defined Benefit options available, and I elect the (choose only one):

- Member-Only Benefit.
Modified Benefit. If you check this box, choose one below:

Modified Benefit

I previously submitted the Preretirement Election of an Option form or the Preretirement Compound Option Election form. To confirm your original election, indicate the option you elected and your beneficiary: (100%, 75%, 50% or Compound): _____

Full name of your option beneficiary or beneficiaries: _____

OR

I am electing an option at retirement. (Your option beneficiary must be a living person or persons, or a special needs trust, and cannot be another type of trust, estate, charity or other entity. This option is not the one-time death benefit.) Choose one and complete the Beneficiary Information section below:

- 100% Beneficiary Option
75% Beneficiary Option
50% Beneficiary Option
Compound Option (If you choose the Compound Option, complete and attach the Compound Option Election form.)

OPTION BENEFICIARY INFORMATION AT RETIREMENT

If you are electing a beneficiary option at retirement, enter your beneficiary information. If you are electing a special needs trust, check the box, provide your beneficiary information below, and complete the Certification of a Special Needs Trust form, available at CalSTRS.com/forms, and submit it with your Service Retirement Application.

I am electing a special needs trust.

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

Mailing Address Email Address

City State ZIP Code

() ()

Home Telephone Alternate Telephone

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:

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

Section 4: Your Defined Benefit Supplement Election

Section 4.1 Defined Benefit Supplement Election

If you made retirement contributions to CalSTRS on or after January 1, 2001, you have a **Defined Benefit Supplement** account with CalSTRS. If your Defined Benefit Supplement account balance is:

- **Under \$3,500**, you must take a lump-sum payment. Mark the lump-sum payment box below.
- **\$3,500 or more**, you have choices about how to receive these funds.

*The Period-Certain Annuity of 10 years and the Lifetime Monthly Annuity are not eligible for a rollover.

Defined Benefit Supplement Choices

You have **three payment choices** for your Defined Benefit Supplement account. **Choose option 1, 2 or 3:**

1. Lump-Sum Payment You have three choices. **Choose one:**

- Check paid to you directly. (Skip to section 4.2 and select Direct Payment.)
- Rollover to CalSTRS Pension2. (Skip to section 4.2, select Rollover, then go to section 4.2.1.)
- Rollover to another qualified plan with a financial institution. (Skip to section 4.2, select Rollover, then go to section 4.2.1.)

2. Annuity Payment You have two choices. **Choose one:**

Period-Certain Monthly Annuity of 3 to 10 years*

Number of years (**choose one**) 3 4 5 6 7 8 9 10 **Then choose one:**

- Check paid to you directly. (Skip to section 4.2 and select Direct Payment.)
- Rollover to CalSTRS Pension2. (Skip to section 4.2, select Rollover, then go to section 4.2.1.)
- Rollover to another qualified plan with a financial institution. (Skip to section 4.2, select Rollover, then go to section 4.2.1.)

OR Lifetime Monthly Annuity*

If you elected the **Member-Only Benefit** on page 2, you have one choice:

- Member-Only Annuity

If you elected the **Modified Benefit** on page 2, you have three choices. **Choose one:**

- 100% Beneficiary Annuity
- 75% Beneficiary Annuity
- 50% Beneficiary Annuity

3. Combination Lump Sum and Annuity After your lump-sum payment, at least \$3,500 must remain in your Defined Benefit Supplement account to fund an annuity. Indicate your lump-sum payment amount and select one annuity.

\$_____ Lump-Sum Amount

- Check paid to you directly. (Skip to section 4.2 and select Direct Payment.)
- Rollover to CalSTRS Pension2. (Skip to section 4.2, select Rollover, then go to section 4.2.1.)
- Rollover to another qualified plan with a financial institution. (Skip to section 4.2, select Rollover, then go to section 4.2.1.)

Annuity Payment You have two choices. **Choose one:**

Period-Certain Monthly Annuity of 3 to 10 years*

Number of years (**choose one**) 3 4 5 6 7 8 9 10 **Then choose one:**

- Check paid to you directly. (Skip to section 4.2 and select Direct Payment.)
- Rollover to CalSTRS Pension2. (Skip to section 4.2, select Rollover, then go to section 4.2.1.)
- Rollover to another qualified plan with a financial institution. (Skip to section 4.2, select Rollover, then go to section 4.2.1.)

OR Lifetime Monthly Annuity*

If you elected the **Member-Only Benefit** on page 2, you have one choice:

- Member-Only Annuity

If you elected the **Modified Benefit** on page 2, you have three choices. **Choose one:**

- 100% Beneficiary Annuity
- 75% Beneficiary Annuity
- 50% Beneficiary Annuity

***The Period-Certain Annuity of 10 years and the Lifetime Monthly Annuity are not eligible for a rollover. See section 6 for tax withholding preferences.**

Name _____ Client ID or SSN _____

Section 4.2 Defined Benefit Supplement Payment Instructions

I have received and read the *Special Tax Notice: Your Rollover Options* on pages 7–11 of the Instructions. **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.** By submitting this application, the 30-day waiting period has been met or I waive the 30-day period. Indicate below if you want to receive your Defined Benefit Supplement distribution as a direct payment or a rollover. **Choose one:**

Direct Payment: I choose to have my Defined Benefit Supplement distribution paid directly to me.
OR

Rollover: I choose to roll over all or part of my Defined Benefit Supplement distribution to a qualified plan with a financial institution. I understand that only lump-sum payments and period-certain annuities of three to nine years are eligible for a rollover. I have completed the information below. Note: *Any amount not designated for rollover will be paid directly to me. See section 7, Direct Payment and mark the appropriate box for your tax withholding preferences.*

Section 4.2.1 Rollovers to Pension2 or Another Qualified Plan with a Financial Institution

Complete this section if your rollover is to Pension2 or another qualified plan with a financial institution.

If you roll over your Defined Benefit Supplement funds to a CalSTRS Pension2 account, you **do not need to** obtain a signature from your financial institution. If you’re rolling over funds to a qualified plan other than CalSTRS Pension2, you cannot submit your application online using myCalSTRS, you must obtain a financial institution signature or an LOA, and you must submit a hard copy of your application or fax it to CalSTRS.

Rollover of Defined Benefit Supplement Contributions and Interest

Choose all that apply. Pre-tax Post-tax

I elect to roll over my contributions and interest to one of the plans below.

- Choose one:** Pre-tax amount to transfer \$_____ **OR** Pre-tax percentage to transfer_____(indicate 1%–100%)
 Post-tax amount to transfer \$_____ **OR** Post-tax percentage to transfer_____(indicate 1%–100%)
- Choose one:** Traditional, SEP or SIMPLE IRA Other eligible plan (403(b), 457(b), 401(k) or 401(a))
 Roth account (taxable rollover) Pension2

Financial Institution Information (All information is required.)

Account Number	Make Check Payable to (Full Name of Financial Institution)
Payment Mailing Address	City State ZIP Code
Name of Financial Institution’s Representative	Telephone ()

Certification: *My signature below 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 below authorizes the transfer of CalSTRS funds as indicated above.*

Financial Institution Representative’s Signature or LOA required Signature Date (MM/DD/YYYY)

Name _____ Client ID or SSN _____

Section 4.2.2 Rollovers of Post-tax Contributions to a Different Qualified Financial Plan

If rolling over post-tax to separate institution, fill out below:

I elect to roll over my after-tax contributions to one of the plans listed below (not applicable for most accounts).

Choose one: Amount to transfer \$_____ **OR** Percentage to transfer _____(indicate 1%–100%)

Choose one: Traditional or SEP IRA Other eligible plan (403(b), 457(b), 401(k) or 401(a))

Roth account Pension2

Financial Institution Information (All information is required.)

Account Number _____ Make Check Payable to (Full Name of Financial Institution) _____

Payment Mailing Address _____ City _____ State _____ ZIP Code _____
()

Name of Financial Institution's Representative _____ Telephone _____

Certification: My signature below 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 below authorizes the transfer of CalSTRS funds as indicated above.

 _____
Financial Institution Representative's Signature or LOA required Signature Date (MM/DD/YYYY)

Name _____ Client ID or SSN _____

Section 5: Defined Benefit 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).

Note: There are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. You may be able to avoid quarterly estimated tax payments by having enough state and federal tax withheld from your benefit payment.

You can update your tax withholding preferences online using your *myCalSTRS* account or the *Income Tax Withholding Preference Certificate* form available at CalSTRS.com/forms.

Section 5.1 California State Income Tax Withholding

Section 5.1.1 Withholding Instructions

Do not withhold California state income tax.

OR

Withhold California state income tax.

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

- Married with _____ (Enter 0 or number of allowances.)
- Single with _____ (Enter 0 or number of allowances.)
- Head of household with _____ (Enter 0 or number of allowances.)

Additional withholding: \$ _____ from each benefit payment in addition to the amount to be withheld based on the state tax tables. You must select one of the options above if you want additional withholding. Enter a dollar amount only.

OR

Withhold only \$ _____ from each benefit payment.
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 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.

Name _____ Client ID or SSN _____

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

Section 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.	\$
Total. Add the amounts for qualifying children, other dependents, and other credits.	\$

Section 5.2.2.3 Optional adjustments

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

Name _____ Client ID or SSN _____

Section 6: Defined Benefit Supplement Tax Withholding Preferences

When completing this section, remember that there are penalties for not paying enough tax during the year, either through withholding or estimated tax payments. You may be able to avoid paying quarterly estimated taxes by having enough state and federal tax withheld from your benefit payment. California does not tax benefits of nonresidents. If you don't live in California but think you may be liable for California state income tax, you may request us to withhold state income tax.

Lifetime Monthly Annuity and Period-Certain Annuity 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 6.1 California State Income Tax Withholding

Section 6.1.1 Withholding Instructions

Do not withhold California state income tax.

OR

Withhold California state income tax.

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

- Married with _____ (Enter 0 or number of allowances.)
- Single with _____ (Enter 0 or number of allowances.)
- Head of household with _____ (Enter 0 or number of allowances.)

Additional withholding: \$ _____ from each benefit payment in addition to the amount to be withheld based on the state tax tables. You must select one of the options above if you want additional withholding. Enter a dollar amount only.

OR

Withhold only \$ _____ from each benefit payment.
Enter a dollar amount only.

Section 6.2 Federal Income Tax Withholding

Section 6.2.1 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.

Name _____ Client ID or SSN _____

Section 6.2.2 Additional income and other adjustments

Complete sections 6.2.2.1 and 6.2.2.2 below only if they apply to you. See the instructions for more information.

Section 6.2.2.1 Income from your or a spouse’s job, other pensions or annuities

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

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

Section 6.2.2.2 Optional adjustments

a. Extra withholding. Enter any additional tax you want withheld from each payment .	\$	
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Section 7: Defined Benefit Supplement Tax Withholding for Lump Sum or Period-Certain Annuities of 3–9 Years

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

If you choose to have California State tax withholding, CalSTRS will withhold 2% for state tax for all lump-sum payments and period-certain annuities of three to nine 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 for information and instructions on Form W-4R.

Name _____ Client ID or SSN _____

Section 8: 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, signed and attached the *Justification for Non-Signature of Spouse or Registered Domestic Partner* form. 
- I have never been married or in a registered domestic partnership **OR** I am widowed or my registered domestic partner has died.
- I have been divorced or have terminated a registered domestic partnership and my former spouse or registered domestic 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 registered domestic partner was *not* awarded a portion of my CalSTRS benefits.

Required Signatures. (Signature dates can be no earlier than six months before your requested retirement date.)

I certify that I have read the Service Retirement Application Instructions and the booklet, *Your Retirement Guide*, and I am applying for service retirement. I fully understand that if my properly completed, signed and dated retirement application is approved by CalSTRS and verified by my employer, I will be officially retired as of my requested retirement date.

I waive my right to the 30-day notice period for a Defined Benefit Supplement distribution direct payment or rollover (section 4.2).

I understand the 180 calendar day separation-from-service requirement, the annual earnings limit and the consequences of both, if I return to work after retirement and perform retired member activities.

I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statement, including a false statement regarding my marital status, for the purpose of using it, or allowing it to be used, to obtain, receive, continue, increase, deny or reduce any 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 (California Education Code section 22010). It may also result in any document containing such false representation being voided.

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).



Member's Signature

Signature Date (MM/DD/YYYY)



Current Spouse's or Registered Domestic Partner's Signature

Signature Date (MM/DD/YYYY)

NOTE: Electronic signatures only accepted with online submissions through *myCalSTRS* using DocuSign.

Submitting Your Application

myCalSTRS

Complete and submit your application online using *myCalSTRS*.

Hand Delivery

Hand deliver to a local CalSTRS office. Find one at CalSTRS.com/forms-drop.

Fax Delivery

916-414-5964 or
916-414-5965

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 application to:

CalSTRS
Member Services
100 Waterfront Place
West Sacramento, CA 95605

Submit pages 1–10 of the *Service Retirement Application*. Keep a copy for your records. If you fax your application, keep the confirmation page. We are unable to call and confirm receipt of your faxed application.