

# Cash Balance Benefit Program

## Income Tax Withholding Preference—Information and Instructions

---

Read the instructions carefully before completing the form. Print clearly in dark ink or type all information requested. Initial all corrections and sign at the end.

**Purpose:** Use this form to tell CalSTRS the amount of federal and state income tax to withhold 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 60 days after CalSTRS receives your form. If valid, your income tax withholding preferences will remain in effect until you change or cancel them.

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.

### **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.

**CAUTION:** 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.

**COMPLETING THIS FORM:** 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.

### **SECTION 1: PARTICIPANT/PAYEE INFORMATION**

Enter your full name and Client ID or Social Security number. If the payee is different from the member, enter the payee's full name and Client ID or Social Security number. Include your address, home and alternate telephone numbers so we can contact you if we have any questions.

### **SECTION 2: DIRECT PAYMENT LUMP SUM AND PERIOD-CERTAIN ANNUITIES OF 3 TO 9 YEARS**

#### **Rollover Eligible**

Complete this portion only if you elected a lump sum or period-certain annuity of 3 to 9 years and the distribution is rollover eligible. If you do not complete this section, CalSTRS will withhold CA state income tax at 2 percent. If you do not want state income tax withheld, check the appropriate box.

Distributions that are eligible for rollover but not directly rolled over to another tax-qualified retirement plan or IRA are subject to a flat 20 percent federal withholding. CalSTRS is required to withhold the federal 20 percent—you *cannot* waive federal tax withholding—but the state tax is optional.

CalSTRS will not withhold the 20 percent 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 percent federal income tax withholding. See IRS Publication 505 and the CalSTRS booklet, *Tax Considerations for Rollovers*, for details.

#### **One-Time Lump Sum Non-Rollover Eligible**

Complete this portion only if your distribution is a one-time lump sum and non-rollover eligible. This includes one-time distributions paid to an estate or declared successor when no spouse and no designated beneficiary is named.

CA state and federal tax withholding for this type of distribution if optional. If you do not complete this section, CalSTRS will withhold federal taxes at 10 percent of the taxable amount and withhold state taxes at 1 percent. If you do not want taxes withheld, check the appropriate boxes. See IRS Publication 575, *Pension and Annuity Income*, at [irs.gov](http://irs.gov).

### **SECTION 3: LIFETIME MONTHLY ANNUITIES AND PERIOD-CERTAIN ANNUITIES OF 10 YEARS**

Complete this section only if you elected a lifetime monthly annuity or a period-certain annuity of 10 years. If you do not complete this section, CalSTRS must withhold federal and CA state income tax from your monthly benefit payments as married claiming three withholding allowances. If you do not want any federal or CA state income tax withheld, check the appropriate boxes.

## Cash Balance Benefit Program

### Income Tax Withholding Preference—Information and Instructions continued

---

You cannot designate a specific dollar amount only to be withheld for federal tax. However, you may designate an additional dollar amount to be withheld. Use the IRS Form W-4P worksheet to calculate your federal tax withholding.

If you want CA 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 at [edd.ca.gov/pdf\\_pub\\_ctr/de4p.pdf](http://edd.ca.gov/pdf_pub_ctr/de4p.pdf) to calculate state tax withholding. You may designate a dollar amount to withhold instead of claiming withholding allowances.

#### **SECTION 4: REQUIRED SIGNATURE**

Sign and date the form. Your form will not be accepted without your signature and the date signed.

#### **IMPORTANT INFORMATION**

##### **Payments to Foreign Persons and Payments delivered Outside the U.S.**

For U.S. citizens and residents, 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](http://irs.gov) for details.

For nonresident aliens, nonresident alien beneficiaries, and foreign estates, in the absence of a tax treaty exemption, monthly or lump-sum payments generally are subject to a 30 percent 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 are a foreign person, you should 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 are a foreign person 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.

#### **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 *Tax Considerations for Roll-overs*, available at [CalSTRS.com](http://CalSTRS.com) or by calling 800-228-5453.

Also read IRS Publication 575, *Pension and Annuity Income*, IRS Publication 919, *How Do I Adjust My Tax Withholding*, 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 allowances. Also see the allowance 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).

# Cash Balance Benefit Program Income Tax Withholding Preference

(CB 584, rev. 02/22)

# CALSTRS

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

## Section 1: Participant or Payee Information

PARTICIPANT NAME (LAST, FIRST, INITIAL)

PARTICIPANT CLIENT ID OR SOCIAL SECURITY NUMBER

PAYEE NAME, IF DIFFERENT FROM PARTICIPANT (LAST, FIRST, INITIAL)

PAYEE CLIENT ID OR SOCIAL SECURITY NUMBER

PAYEE MAILING ADDRESS

CITY

STATE

ZIP CODE

HOME TELEPHONE

ALTERNATE TELEPHONE

## Section 2: Direct Payment Lump Sum and Period Certain Annuities of 3 to 9 Years

### Rollover Eligible

Federal law requires that CalSTRS withhold 20 percent 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.

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

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

### Non-Rollover Eligible

This includes one-time distributions paid to an estate or declared successor when no spouse and no designated beneficiary is named. If you choose to have Federal tax withholding, CalSTRS will withhold 10 percent federal income tax for all one-time lump-sum non-rollover eligible payments.

If you choose to have CA state tax withholding, CalSTRS will withhold 1 percent for state tax.

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

**Withhold** Federal income tax?  Yes  No

*Continue on next page*



CB584

### Section 3: Lifetime Monthly Annuity and Period-Certain Annuities of 10 Years

If you do not complete the section below, CalSTRS must withhold state and federal income tax from your lifetime monthly annuity or period-certain annuity of 10 years based on rates for a married person claiming three withholding allowances.

#### CALIFORNIA STATE INCOME TAX WITHHOLDING

Do not withhold California state income tax.

OR

Withhold California state income tax.

Withhold only \$ \_\_\_\_\_ from each benefit payment\* (Enter a flat dollar amount only. Do not enter a percentage.)

OR

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 state tax tables. (You cannot enter an amount without selecting one of the above options. Enter a dollar amount only.)

#### FEDERAL INCOME TAX WITHHOLDING

Do not withhold federal income tax from my monthly benefit payment.

OR

Withhold federal 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.)

**Additional withholding: \$ \_\_\_\_\_**  
from each benefit payment in addition to the amount to be withheld based on federal tax tables. (You cannot enter an amount without selecting one of the above options. Enter a dollar amount only.)

\*A flat amount cannot be specified for federal income tax.

### Section 4: Required Signature

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct. I understand that perjury is punishable by imprisonment for up to four years (Penal Code section 126).

I understand it is a crime to fail to disclose a material fact or to make any knowingly false material statements for the purpose of altering a benefit administered by CalSTRS and it may result in penalties, including restitution, up to one year in jail and a fine of up to \$5,000 (Education Code section 22010).



\_\_\_\_\_  
PARTICIPANT OR PAYEE SIGNATURE

\_\_\_\_\_  
DATE (MM/DD/YYYY)