

**FOR RETIREMENTS EFFECTIVE 1/1/07 AND LATER  
PLEASE READ THE ATTACHED INSTRUCTIONS BEFORE COMPLETING THIS FORM**

APPLICANT INFORMATION			
Social Security Number	Last Name	First	Initial
Birthdate (mo/day/yr)	Address		
Telephone Number	City	State	Zip
Retirement Date (mo/day/yr)			

**I. METHOD OF PAYMENT**

PLEASE SELECT ONE OF THE FOLLOWING METHODS OF RETIREMENT BENEFIT PAYMENT:

I choose to receive my retirement benefit in the form of a one-time lump-sum payment.

*I understand that upon distribution of the lump-sum payment, no further benefits are payable from the Cash Balance Benefit Program.*

▪ You must select one of the following methods of distribution:

- Mail the payment directly to me at the above address.
  - You must complete, Income Tax Withholding Preference Form, CB584.
- Process the payment as a complete or partial trustee-to-trustee transfer (rollover).
  - You must complete, Rollover Distribution Form, CB475.

-----OR-----

I choose to receive my retirement benefit in the form of monthly annuity payments.

*I understand that my CB Benefit Program account balance must equal or exceed \$3,500 to receive an annuity retirement benefit.*

▪ You must select an annuity type:

- 1) A participant only annuity
- 2) A 100% beneficiary annuity. (\*)
- 3) A 75% beneficiary annuity. (\*)
- 4) A 50 % beneficiary annuity. (\*)
- 5) A period certain annuity. # Years (choose one) 3 4 5 6 7 8 9 10 (\*)

*If you selected a period certain annuity with a duration of 3 to 9 years, you may receive the payments as direct trustee-to-trustee transfers (rollover).*

- Process the period certain annuity payments as complete trustee-to-trustee transfers.
  - You must complete, Rollover Distribution Form, CB475.
  - Skip the mailing options below. Continue to next page.

▪ For annuity payments that will not be affected by a trustee-to-trustee transfer, choose one of the following mailing options.

- Mail the payments directly to me at the above address.
  - You must complete, Income Tax Withholding Preference Form, CB584.
- Mail the payments directly to my financial institution.
  - You must complete, CB Direct Deposit Authorization Form, CB474, *and*,
  - You must complete, Income Tax Withholding Preference Form, CB584.

**(\* Section II. ANNUITY BENEFICIARY INFORMATION must be completed.**



II. ANNUITY BENEFICIARY INFORMATION – If applicable from Section I			
Social Security Number - -	Last Name	First	Initial
Birthdate (mo/day/yr) / /	Address		
Telephone Number ( ) -	City	State	Zip
Relationship <input type="checkbox"/> Spouse/RDP <input type="checkbox"/> Other		Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	

III. DECLARATION		
<input type="checkbox"/> I am not married or registered as a domestic partner (including those who are widowed, divorced, and single; or have a registered domestic partner termination certification). <input type="checkbox"/> My spouse or registered domestic partner (RDP) did not sign and I have completed the attached Justification for Non-Signature of Spouse or Registered Domestic Partner (CB535). <input type="checkbox"/> I am married. My spouse or RDP has signed below and provided the required information.		
<p>I hereby apply for a retirement benefit from the CalSTRS Cash Balance Benefit Program. I fully understand that the mailing of my termination benefit check will terminate all rights and benefits to which I was entitled prior thereto. <b>Further, I certify under penalty of perjury</b> under the laws of the State of California, that the information submitted here is full, complete and true according to the best of my knowledge, and that no material facts have been concealed or omitted, and that the spousal signature is in fact the true signature of my spouse/partner; or if no spousal or registered domestic partner signature appears, that I have completed and submitted the "Justification of Non-Signature of Spouse or Registered Domestic Partner" (CB535), or I am not married or registered as a domestic partner and have checked the corresponding box above. I understand that perjury is punishable by imprisonment in the State Prison for up to four years; Penal Code Section 126.</p>		
Signature of Spouse or Registered Domestic Partner(RDP)		Date (mo/day/yr)
		/ /
Spouse/RDP Name (Print Legibly)	Spouse/RDP Social Security Number	Spouse/RDP Birthdate (mo/day/yr)
Applicant's Signature		Date (mo/day/yr)
		/ /

Please retain copies for your records and return the completed application and related forms to:

**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CalSTRS)**

**CASH BALANCE BENEFIT PROGRAM**

P.O. Box 15275, MS #20,  
Sacramento, CA 95851-0275

Toll Free 800.228.5453

Or 916.229.0554

TTY Hearing Impaired – 916.229.3541

## INSTRUCTIONS FOR COMPLETING FORM CB586

Use a typewriter or print legibly in black ink. A delay may occur or your check may be misdirected if the information provided is incorrect or not legible. Do not erase or use white-out; erasures will not be accepted and will void the application. If you make a mistake, obtain a new form or line through the error, make the appropriate correction and initial the correction.

Any errors or omissions on the Retirement Benefit Application (CB586) will delay the processing of your distribution. Photocopied signatures will not be accepted.

**Retirement Date** - Your benefits begin from your retirement date and cease upon your date of death. You will be officially retired as of the retirement date you specify on the Retirement Benefit Application (CB586), subject to the following conditions:

1. The retirement date you specify cannot exceed six (6) months from the date you sign the application.

2. The application must be received by the California State Teachers' Retirement System (CalSTRS) in Sacramento on or before the last day of the month in which your retirement is to be effective.
3. The earliest permissible retirement date is the day after your last day of work, vacation, or authorized leave of absence, whichever is later, for which you will receive compensation from your employer.

*Example:* If your last day of work is June 13, you may retire as of June 14, even though you will receive a pay check for the month of June. Your Retirement Benefit Application (CB586) must be received by June 30, for a retirement date in June.

**Last Day of Paid Employment** - Your effective date of retirement must be at least one day after the last day you are paid for your employment.

**Telephone Number** - Enter a daytime telephone number.

## Retirement Benefit Distribution Choices

A CB Benefit Program participant may elect to receive a retirement benefit in the form of a lump-sum distribution or an annuity provided the **sum of the employee account and employer account equals or exceeds \$3,500**. Upon distribution of the lump-sum payment to the participant, no further benefits shall be payable from the CB Benefit Program. *A non-member spouse may only elect the annuities shaded below (Annuity choices 1 or 5).* If the participant elects to receive a monthly annuity, they may elect **one** of the following forms of payment:

**NOTE: The annuity names and choices shown on this form reflect changes effective January 1, 2007, designed to simplify the array of options and provide better choices**

1. A participant only annuity, which is the actuarial equivalent of the lump sum payable for the life of the participant with any balance remaining upon the death of the participant payable in a lump sum to the beneficiary.
2. A 100% beneficiary annuity, which is the actuarial equivalent of the lump sum payable for the combined lives of the participant and the beneficiary, with the monthly amount payable to the participant continuing to the surviving beneficiary upon the death of the participant. However, if the option beneficiary predeceases the participant, the annuity without modification for the option shall be payable to the participant.
3. A 75% beneficiary annuity, which is the actuarial equivalent of the lump sum payable for the combined lives of the participant and the beneficiary, with three-quarters of the monthly amount payable to the participant continuing to the surviving beneficiary upon the death of the participant. However, if the option beneficiary predeceases the participant, the annuity without modification for the option shall be payable to the participant.  
**NOTE: If your annuity beneficiary is anyone other than your spouse and the beneficiary is more than exactly 19 years younger than the participant, you cannot select this annuity choice.**
4. A 50% beneficiary annuity, which is the actuarial equivalent of the lump sum payable for the combined lives of the participant and the beneficiary, with one-half of the monthly amount payable to the participant continuing to the surviving beneficiary upon the death of the participant. However, if the option beneficiary predeceases the participant, the annuity without modification for the option shall be payable to the participant.
5. A period certain annuity, which is the lump sum payable over a specified number of years, from a minimum of three years to a maximum of 10 years but in any event not to exceed the life expectancy of the participant or the life expectancy of the participant and the participant's option beneficiary, until there is no balance remaining in the participant's employee account and employer account.

**NOTE:** If you receive a payment that can be rolled over to a traditional IRA and it is paid in a series of payments for less than **ten years**, your choice to make or not make a direct trustee-to-trustee transfer (rollover) for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in a series. A series of payments for ten years or more cannot be rolled over per IRC regulations.

**Please read the instructions prior to completing this form.**

All Benefit Applications must be accompanied by this form, unless a complete trustee-to-trustee transfer (rollover) takes place.

- ✓ **Part A** ~ required;
- ✓ **Part B** ~ complete if you are the participant or surviving spouse beneficiary and are requesting a one-time lump-sum payment;
- ✓ **Part C** ~ complete if you are a beneficiary, other than the surviving spouse, and are requesting a lump-sum death benefit;
  - This includes a beneficiary who is a registered domestic partner (RDP).
- ✓ **Part D** ~ complete only if you are requesting monthly annuity payments;
- ✓ **Part E** ~ complete only if submitted with a Termination, Retirement or Disability benefit application.

<b>Part A – Payee Information</b>			
Social Security Number	Last Name	First	Initial
- -			

<b>Part B – Participant or Surviving Spouse Income Tax Withholding Information – Lump-Sum payments</b>	
California State Income Tax Withholding	Federal Income Tax Withholding
6% California State income tax will be withheld from the taxable portion of this distribution unless I specify below that <b>NO</b> California State Income Tax is to be withheld.	I understand that 20% Federal Income Tax will automatically be withheld from the taxable portion of this distribution unless that portion is under \$200.
<input type="checkbox"/> Do not withhold California State Income Tax.	<input checked="" type="checkbox"/> Federal Income Tax Withholding

<b>Part C – Beneficiary Income Tax Withholding Information – Lump-Sum payments</b>	
California State Income Tax Withholding	Federal Income Tax Withholding
The California withholding rate for non-periodic distributions is 6% of the taxable amount.	The Federal withholding rate for non-periodic distributions is 10% of the taxable amount.
<u>Check one of the following:</u> <input type="checkbox"/> Withhold California State Income Tax <input type="checkbox"/> Do not withhold California State Income Tax	<u>Check one of the following:</u> <input type="checkbox"/> Withhold Federal Income Tax <input type="checkbox"/> Do not withhold Federal Income Tax



**Part D – Monthly Income Tax Withholding Information** – All Annuity Payment Types

California Income Tax Withholding	Federal Income Tax Withholding
<input type="checkbox"/> Do not withhold California State Income Tax	<input type="checkbox"/> Do not withhold Federal Income Tax
<input type="checkbox"/> Calculate withholding from the California State tables using the marital status and number of allowances shown.  <u>Check one of the following:</u> <input type="checkbox"/> Single _____ Number of Allowances <input type="checkbox"/> Married _____ Number of Allowances <input type="checkbox"/> Head of Household _____ Number of Allowances  Withhold \$ _____ in addition to the amount to be withheld based on the tax tables.	<input type="checkbox"/> Calculate withholding from the Federal tables using the marital status and number of allowances shown.  <u>Check one of the following:</u> <input type="checkbox"/> Single _____ Number of Allowances <input type="checkbox"/> Married _____ Number of Allowances  Withhold \$ _____ in addition to the amount to be withheld based on the tax tables.
<input type="checkbox"/> Withhold only \$ _____ (Enter a flat dollar amount only)	<input type="checkbox"/> Withhold only \$ _____ (Enter a flat dollar amount only)



**Part E – Declaration** – Must be completed when submitted with a Termination, Retirement or Disability benefit application

I am not married or registered as a domestic partner (This includes those who are widowed, divorced, and single; or have a registered domestic partner termination certification).

My spouse or registered domestic partner (RDP) did not sign and I have completed the attached Justification for Non-Signature of Spouse or Registered Domestic Partner (CB535).

I am married and my spouse or register domestic partner (RDP) has signed below.

I hereby submit a Tax Withholding Preference on behalf of my CalSTRS Cash Balance Benefit Program payment. I fully understand that the mailing of my benefit check will terminate all rights and benefits to which I was entitled prior thereto. **Further, I certify under penalty of perjury** under the laws of the State of California, that the information submitted here is full, complete and true according to the best of my knowledge, and that no material facts have been omitted, and that the spousal/partner’s signature is in fact the true signature of my spouse/partner; or if no spousal/partner signature appears, that I have completed and submitted the "Justification of Non-Signature of Spouse or Registered Domestic Partner" (CB535); or I am not married or registered as a domestic partner and have checked the corresponding box above. I understand that perjury is punishable by imprisonment in the State Prison for up to four years; Penal Code Section 126.

Signature of Spouse or Registered Domestic Partner 	Date (mo/day/yr)
Applicant’s Signature 	Date (mo/day/yr) / /

Please retain copies for your records and return the completed form to:

**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CalSTRS)**  
**CASH BALANCE BENEFIT PROGRAM**  
 P.O. Box 15275, MS #20,  
 Sacramento, CA 95851-0275

Toll Free 800.228.5453  
 Or 916.229.0554  
 TTY Hearing Impaired – 916.229.3541

## INSTRUCTIONS FOR COMPLETING CB584

### COMPLETING THE FORM

Print legibly in black ink. A delay may occur or your check may be misdirected if the information provided is incorrect or not legible. Do not erase or use white-out; erasures will not be accepted and will void the application.

If you make a mistake, obtain a new form or line through the error, make the appropriate correction and initial the correction. Any errors or omissions on the Income Tax Withholding Preference (CB584) will delay the processing of your distribution. Photocopied signatures will not be accepted.

If you do not return this form, CalSTRS will withhold income tax from an ongoing payment in accordance with the established rate for a married individual claiming three withholding allowances. If your home address is **outside** California, CalSTRS will not withhold California State tax unless you complete this form and instruct us to do so.

If you do not want withholding applied, you must return the form with the "Do not withhold" boxes checked. However, recipients who have payments delivered outside the United States or its possessions **may not** elect "NO" as a withholding choice. (See Payments Delivered Outside the United States)

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

If you are receiving different types of ongoing payments from CalSTRS, you may elect a different withholding amount for each type of payment. Please indicate the type of payment that you want this withholding election applied to in the space provided. Please complete a separate form, if you want a different withholding for different types of payments.

The election you submit on this form will take effect within 60 days after the form is received by CalSTRS. Usually, if the form is received by the first of the month, the changes will take effect by the next payment. Your tax withholding preference will remain in effect until you change or cancel it. A change or cancellation may be made at any time by completing and submitting a new Income Tax Withholding Preference (CB584).

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

If you are a not a U.S citizen **and** also a non-resident alien, you must complete the IRS form W-8 and 30% Federal Tax will automatically be withheld. California State Tax is optional and will not be withheld unless you complete this form and tell us to do so.

### FEDERAL AND CALIFORNIA STATE WITHHOLDING REQUIREMENTS

Federal and California State statutes require income tax withholding on distributions from pensions, annuities, and deferred compensation plans unless a payee elects otherwise. The law requires that income tax be withheld from payments based on rates for a married person claiming three withholding allowances. Therefore, the California State Teachers' Retirement System (CalSTRS) must withhold income tax on all benefit payments unless the payee has filed an election not to have withholding apply. CalSTRS benefit recipients must make their election on the Cash Balance (CB) Benefit Program Income Tax Withholding Preference Form (CB584).

### PAYMENTS DELIVERED OUTSIDE THE UNITED STATES

The option not to have federal income tax withheld **does not** apply to any payment that is delivered outside the United States or its possessions to a U.S. citizen, or non-U.S. resident alien, as well as payments made to a U.S. resident alien.

If you are a U.S. citizen and you do not want to have tax withheld from your benefit payment, you must give CalSTRS a home address in the United States or a U.S. possession. For example, CalSTRS would have to withhold tax if you provide a U.S. address for a nominee, trustee, or agent to whom the benefits are to be delivered, but do not provide your own home address in the United States or U.S. possession.

U.S. citizens who have payments delivered outside the United States or its possession, and U.S. resident aliens, may elect any withholding status (married, single, or head of household) and **one or more** withholding allowances.

A non-U.S. resident alien may use either the federal tax tables with single, and one withholding allowance (S-1), or the flat rate of 30%, or lower treaty rate payments, if applicable. For more information, see IRS Publication 519, "U.S. Tax Guide for Aliens".

### NONRESIDENTS OF CALIFORNIA RECEIVING A CALIFORNIA PENSION

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

### ??QUESTIONS??

CalSTRS can only provide limited tax information. Contact the CalSTRS Automated Attendant toll free at 1-800-228-5453 and request the pamphlet "Benefit Tax Information." We also suggest you read the IRS publication 575, "Pension and Annuity Income" and the California Franchise Tax Board Publication FTB 1005, "Pension and Annuity Guidelines" or contact a qualified tax professional for advice.

**THE APPROPRIATE BENEFIT APPLICATION MUST ACCOMPANY THIS FORM**

**PLEASE READ THE ATTACHED INSTRUCTIONS BEFORE COMPLETING THIS FORM**

**Part A - Payee Information**

Social Security Number - -	Last Name	First	Initial
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**Part B - Account Holder Information**

Social Security Number - -	Last Name	First	Initial
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**Part C- Rollover Options**

Complete Rollover	OR	Partial Rollover
<input type="checkbox"/> I elect a <b>complete</b> transfer of the contributions and interest for a direct trustee-to-trustee transfer. <input checked="" type="checkbox"/> <i>I understand minimum transfer amount is \$200.00</i>		<input type="checkbox"/> I elect a <b>partial</b> transfer of the contributions and interest for a direct trustee-to-trustee transfer. <input checked="" type="checkbox"/> <i>I understand minimum transfer amount is \$200.00</i>
<input type="checkbox"/> Individual Retirement Account (IRA) <b>OR</b> <input type="checkbox"/> Other Qualified Retirement Plan <input checked="" type="checkbox"/> <i>I understand this direct rollover distribution payment is exempt from Federal and State income tax withholding.</i>		<input type="checkbox"/> Individual Retirement Account (IRA) <b>OR</b> <input type="checkbox"/> Other Qualified Retirement Plan <input checked="" type="checkbox"/> <i>I understand that Federal and State income tax will not be withheld from the portion of the payment that is a direct trustee-to-trustee transfer.</i> <input checked="" type="checkbox"/> <i>I understand that I must also complete form CB584, Income Tax Withholding Preference, to designate withholding on the taxable portion of the distribution.</i>

**Part D- Financial Institution Information**

Amount of Transfer \$ _____	OR	Percent of Transfer _____ %
Name of Financial Institution	Account Number	
Institution Address	City	State Zip
Signature of Institution Representative	Representative Telephone Number ( )	Signature Date (mo/day/yr)

**NOTE:** *If you plan to rollover partial account balance amounts to multiple financial institutions, a separate form is required for each financial institution that will receive funds. If the total amount to be transferred is less than 100% of your account balance, the residual will be mailed directly to you as a lump-sum payment.*

**Part F - Declaration** – *Must be completed when submitted with a Termination, Retirement or Disability benefit application*

- I am not married or registered as a domestic partner (This includes those who are widowed, divorced, and single; or have a registered domestic partner termination certification).
- My spouse or registered domestic partner (RDP) did not sign and I have completed the attached Justification for Non-Signature of Spouse or Registered Domestic Partner (CB535).
- I am married and my spouse or registered domestic partner (RDP) has signed below.

I hereby elect a complete or partial trustee-to-trustee transfer of my benefit payment(s) from the CalSTRS Cash Balance Benefit Program. I fully understand that the mailing of my benefit check will terminate all rights and benefits to which I was entitled prior thereto. **Further, I certify under penalty of perjury** under the laws of the State of California, that the information submitted here is full, complete and true according to the best of my knowledge, and that no material facts have been omitted, and that the spousal/partner's signature is in fact the true signature of my spouse/partner; or if no spousal/partner signature appears, that I have completed and submitted the "Justification of Non-Signature of Spouse or Registered Domestic Partner" (CB535); or I am not married or registered as a domestic partner and have checked the corresponding box above. I understand that perjury is punishable by imprisonment in the State Prison for up to four years; Penal Code Section 126.

Signature of Spouse or Registered Domestic Partner



Date (mo/day/yr)

/ /

Signature of Payee



Date (mo/day/yr)

/ /

Please retain copies for your records and return the completed form with the associated benefit application to:

**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CalSTRS)**

**CASH BALANCE BENEFIT PROGRAM**

P.O. Box 15275, MS #20,  
Sacramento, CA 95851-0275

Toll Free 800.228.5453

Or 916.229.0554

TTY Hearing Impaired – 916.229.3541

## INSTRUCTIONS FOR COMPLETING FORM CB475

### FEDERAL AND CALIFORNIA STATE WITHHOLDING REQUIREMENTS

Federal and California State statutes require income tax withholding on distributions from pensions, annuities, and deferred compensation plans unless a payee elects otherwise. The law requires that income tax be withheld from payments based on rates for a married person claiming three withholding allowances. Therefore, the California State Teachers' Retirement System (CalSTRS) must withhold income tax on all benefit payments unless the payee has filed an election not to have withholding apply. CalSTRS benefit recipients who elect to take a distribution in the form of a partial rollover must make their income tax election on the Cash Balance (CB) Benefit Program Income Tax Withholding Preference Certificate (CB584).

### WHEN DO I COMPLETE THIS FORM

This form must be completed if:

- ✓ You are a participant, payee or account holder of a CB Benefit Program account and are requesting a lump-sum distribution;
- ✓ You are a participant, payee or account holder of a CB Benefit Program account and are requesting a direct trustee-to-trustee transfer (rollover);

**NOTE:** Per IRS regulations, a series of payments for ten years or more cannot be rolled over.

- ✓ You are a participant who has chosen a period certain annuity with a duration of 3 to 9 years and choose to receive the annuity payment as a direct trustee-to-trustee transfer (rollover);

- ✓ You are a Registered Domestic Partner (RDP) and requesting a lump-sum distribution.

**NOTE:** Per IRS regulations, an RDP is not eligible to take a direct trustee-to-trustee transfer (rollover). You must complete and attach a CB584, Income Tax Withholding Preference form.

- ✓ You are 70-1/2 and requesting a rollover, you must take a required minimum distribution. Because of this IRS requirement, you cannot request to rollover 100% of your account balance. Please contact CB Benefit Program staff at (916) 229-0554 for assistance in determining your minimum distribution;

- ✓ You are the spouse beneficiary recipient of a CB Benefit Program account and requesting a distribution; as a spouse beneficiary, you are eligible to take a rollover distribution. All other beneficiaries must take a lump-sum distribution or annuity.

### COMPLETING THE FORM

Print legibly in black ink. A delay may occur or your check may be misdirected if the information provided is incorrect or not legible. Do not erase or use white-out; erasures will not be accepted and will void the application.

If you make a mistake, obtain a new form or line through the error, make the appropriate correction and initial the correction. Any errors or omissions may delay the processing of your distribution. Photocopied signatures will not be accepted.

### QUESTIONS??

CalSTRS can only provide limited tax information. Contact the CalSTRS Automated Attendant toll free at 1-800-228-5453 and request the pamphlet "Benefit Tax Information." We also suggest you read the IRS publication 575, "Pension and Annuity Income" and the California Franchise Tax Board Publication FTB 1005, "Pension and Annuity Guidelines" or contact a qualified tax professional for advice.

**EMPLOYMENT TERMINATION CERTIFICATION**

There must be a *separate* form completed by *each* employer for whom creditable service was performed.

Please read the instructions before completing this form

**PART A**

*(This section to be completed by member)*

<b>Social Security Number</b>	<b>Last Name</b>	<b>First Name</b>	<b>Middle Initial</b>
<b>Birthdate (mo/day/yr)</b>	<b>Address</b>		
<b>Telephone Number</b>	<b>City</b>	<b>State</b>	<b>Zip</b>

**PART B**

**Employer Certification**

*(This section to be completed by each employer for whom creditable service was performed)*

I certify below that the above individual has terminated all CalSTRS creditable service related employment with this district. Additionally, I certify that all payroll information and contributions reported to date are accurate and complete and no future negative adjustments will be made. <b>NOTE: The 'Last Day of Paid Employment' should reflect the last day of classroom instruction. This date should <u>not</u> include any dates of parity payments or payroll salary adjustments.</b>			
<b>Last Day of PAID Employment (mo/day/yr)</b>	<b>Last Pay Date (mo/day/yr)</b>	<b>County Name/Code</b>	<b>District Name/Code</b>
/ /	/ /		
<b>School Official's Signature</b>	<b>Official's Title</b>	<b>Date(mo/day/yr)</b>	
<b>Contact Name</b>	<b>Contact Telephone Number</b>	<b>Contact Fax Number</b>	

**PART C**

*(This section to be completed by member)*

I have read the 'Employer Certification' instructions and understand that a separate employer certification must be completed for each employer for whom creditable service has been performed. I understand that failure to complete this information constitutes an incomplete application package which will delay payment of benefits.	
<b>Member's Signature</b>	<b>Date (mo/day/yr)</b>



## INSTRUCTIONS FOR COMPLETING FORM CB1822

### COMPLETING THE FORM

Print legibly in black ink. A delay may occur or your check may be misdirected if the information provided is incorrect or not legible. Do not erase or use white-out; erasures will not be accepted and will void the application. If you make a mistake, obtain a new form or line through the error, make the appropriate correction and initial the correction. Any errors or omissions on the Employment Certification (CB1822) could cause a delay in the processing of the participant's benefit application.

The participant completes Parts A and C. Once completed and signed, the participant needs to ensure that all employer(s) for whom the participant has performed any CalSTRS creditable service receives a form and that the employer(s) complete and sign Part B. There must be *one* form for *each* employer for whom the participant has performed CalSTRS creditable service. If the participant has multiple employers, please make a copy of this form before completion.

The employer(s) must complete and sign Part B. Signing Part B lays responsibility on the employer(s) to ensure that all contributions have been reported to CalSTRS by the dates specified and that no negative contribution lines will be reported once the final payroll information has been certified. The employer(s) must complete all requested information.

**NOTE:** The Last Day of Paid Employment should reflect the last day of classroom instruction and not the date of any parity payments or payroll salary adjustments.

### ??QUESTIONS??

Please retain copies for your records and return the completed form and related application to:

**CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CalSTRS)**

**CASH BALANCE BENEFIT PROGRAM**

P.O. Box 15275, MS #20,  
Sacramento, CA 95851-0275

Toll Free 800.228.5453

Or 916.229.0554


TTY Hearing Impaired – 916.229.3541

**THIS FORM APPLIES TO MONTHLY ANNUITY PAYMENTS ONLY**  
**This form must be accompanied by the appropriate Benefit Application form.**  
**Please read the instructions on the reverse side before completing this form.**

Please enroll me in direct deposit.                      OR                       I would like to change my direct deposit information.

Social Security Number - -	Last Name	First	Initial
Birthdate (mo/day/yr) / /	Home Mailing Address		
Telephone Number ( ) -	City	State	Zip

ACCOUNT INFORMATION				
<input type="checkbox"/> Checking Account		OR	<input type="checkbox"/> Savings Account	
Routing Number _ _ _ _ _		Payee Account Number		
Financial Institution		Branch Number or Name		
Financial Institution Address	P.O. Box	City	State	Zip

AUTHORIZATION	
<p>I hereby authorize the California State Teachers' Retirement System to transmit any benefits due to me by <b>DIRECT DEPOSIT</b> to the above designated account.</p> <p>If at any time the amount of benefits deposited exceeds the amount of benefits actually due and payable to me, I hereby authorize the California State Teachers' Retirement System to either:</p> <p>(a) Withhold a sum equal to the overpayment from future benefits; OR,</p> <p>(b) Recover such overpayment from the above-designated account.</p> <p>This authorization remains in full force and effect until the California State Teachers' Retirement System receives written notification from me of its termination or when benefits are no longer payable.</p>	
Applicant's Signature 	Date (mo/day/yr) / /

Please attach a voided personal check here



## INSTRUCTIONS FOR COMPLETING FORM CB474

### CHECKING ACCOUNT INFORMATION

**Routing Number** - Your financial institution's routing number is printed on the bottom left hand portion of your personal checks (the first 9 digits).

**Account Number** - Your account number is printed on the bottom of your checks following the routing number. It may be the series of numbers followed by your check number (example 2), or it may be the series of numbers which follow your check number (example 1). NOTE: The check number is not part of the account number.

Example 1

Your Name	Check No. 5555
Address	
Pay to the Order of _____	
zxzzx112145678    xzx 5555    xzx 8765432109812	

Routing No.      Ck. No.      Payee Acct No.

Example 2

Your Name	Check No. 5555
Address	
Pay to the Order of _____	
zxzzx112145678    xzx 8765432109812    xzx 5555	

Routing No.      Payee Acct No.      Ck. No.

The number of figures in an account number varies from institution to institution. If you are unsure of which numbers are which on your checks, please contact your financial institution for assistance. ***Attach a voided personal check to the front, lower portion of this authorization. This will aid in verifying your account and routing numbers.***

### SAVINGS ACCOUNT INFORMATION

Obtain your routing and account numbers from your financial institution.

### GENERAL INFORMATION

Use a typewriter or print legibly in black ink. A delay may occur or your check may be misdirected if the information provided is incorrect or not legible.

Do not erase or use white-out; erasures will not be accepted and will void the application. If you make a mistake, obtain a new form or line through the error, make the appropriate correction and initial the correction.

Any errors or omissions on the Direct Deposit Authorization (CB474) will delay the processing of your distribution. Photocopied signatures will not be accepted.

Your first payment will be deposited into your account within 30 to 60 days after the authorization is received by CalSTRS. A DIRECT DEPOSIT Advice will be mailed to your home address each month. ***Please inform CalSTRS of any change in your home mailing address.***

Your DIRECT DEPOSIT will continue to be deposited into your designated account until CalSTRS is notified in writing that you wish to change your account and/or financial institution. ***DO NOT CLOSE YOUR OLD ACCOUNT UNTIL YOUR FIRST PAYMENT IS DEPOSITED INTO YOUR NEW ACCOUNT.***

**OUT-OF-STATE ADDRESS:** If your home address is outside California and you do not submit a new form CB 584 (Tax Withholding Preference Certificate), CalSTRS will discontinue withholding state tax from your benefit. If you are moving from another state to California and do not submit a CB584, CalSTRS will withhold state tax from your benefit at the rate for married persons with three exemptions.

### PRIVACY NOTICE

The information collected on this form will be disclosed to the State Controller's Office, an originating financial institution, and the Federal Reserve Bank for the purpose mentioned. It is mandatory to furnish all information on this form except for financial institution name, address, and branch number or name. Failure to provide the mandatory information may result in non-enrollment of your DIRECT DEPOSIT, or could cause the enrollment to be processed incorrectly. You have the right to review the file maintained on you by this agency upon proper identification. You may contact the Information Practices Coordinator through the CalSTRS Customer Call Center at (916) 229-3870 or Toll Free 1(800) 228-5453, or by writing to: CalSTRS, P.O. Box 15275, Sacramento, CA 95851-0275.

# Cash Balance Justification for Non-Signature of Spouse or Registered Domestic Partner Instructions

(CB 535i, Rev. 7/07)

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Use a typewriter or print legibly in black ink. A delay may occur or your check may be misdirected if the information provided is incorrect or not legible.

Do not erase or use white-out; erasures will not be accepted and will void the application. If you make a mistake, obtain a new form or line through the error, make the appropriate correction and initial the correction.

Any errors or omissions on the Justification for Non-Signature of Spouse or Registered Domestic Partner (CB 535) will delay the processing of your distribution. Photocopied signatures will not be accepted.

Only one Justification for Non-Signature of Spouse or Registered Domestic Partner form is needed for a Cash Balance Benefit Program distribution.

Please retain copies for your records and return the completed form and associated application to:

CalSTRS  
P.O. Box 15275, M.S. 60  
Sacramento, CA 95851-0275  
800-228-5453  
TTY 916-229-3541

# Cash Balance Benefit Program Justification for Non-Signature of Spouse or Registered Domestic Partner

(CB 535, Rev. 7/07)

# CALSTRS

California State Teachers' Retirement System  
P.O. Box 15275, M.S. 60  
Sacramento, CA 95851-0275  
800-228-5453; TTY 916-229-3541  
www.CalSTRS.com

**PLEASE READ INSTRUCTIONS ON THE PREVIOUS PAGE BEFORE COMPLETING THIS FORM**

Pursuant to Education Code Section 26703, any request related to the selection of benefits by a participant in which a spouse or registered domestic partner interest may be present, such as a distribution of benefits, shall contain the signature of the participant's spouse or registered domestic partner unless a specified condition exists.

If the CalSTRS Cash Balance Benefit Program participant is married or registered as a domestic partner and a spouse or registered domestic partner signature does not appear on the application for distribution of benefits, the following section must be completed, signed by the participant, and submitted with the application.

LAST NAME	FIRST	INITIAL	SOCIAL SECURITY NUMBER
<b>Supporting Document</b>			
<input type="checkbox"/> Beneficiary Designation (CB 534)		<input type="checkbox"/> Retirement Benefit Application (CB 586)	
<input type="checkbox"/> Application for Termination Benefit (CB 585)		<input type="checkbox"/> Disability Benefit Application (CB 587)	
<input type="checkbox"/> Distribution Election Form (CB 475)		<input type="checkbox"/> Income Tax Withholding Preference (CB 584)	
<b>Declaration</b>			
<input type="checkbox"/> I am married or registered as a domestic partner, but my spouse or registered domestic partner did not sign the application because either:			
<input type="checkbox"/> I do not know, and have taken all reasonable steps to determine the whereabouts of my spouse/partner; OR,			
<input type="checkbox"/> My spouse/partner has been advised of the application and has refused to sign the acknowledgment. I have initiated a court action to either enforce the spousal or registered domestic partner signature requirement or to waive the spousal or registered domestic partner signature requirement. CalSTRS must have a copy of the court order on file before any benefits can be paid. Please submit a certified copy of the court order as soon as you receive it. (See Education Code Section 26704); OR,			
<input type="checkbox"/> My spouse/partner is incapable of executing the acknowledgment because of an incapacitating mental or physical condition (a doctor's statement certifying the condition is attached); OR,			
<input type="checkbox"/> My spouse/partner has no identifiable community property interest in my benefits (documents supporting this statement are attached); OR,			
<input type="checkbox"/> My spouse/partner and I have executed a marriage or registered domestic partner settlement agreement, which makes the community property law inapplicable to the marriage or registered domestic partner. (Certified copy of the agreement must be received by CalSTRS before any benefits can be paid.)			
<p>I certify under penalty of perjury under the laws of the State of California that the information submitted herein is complete and true according to the best of my knowledge and no material facts have been concealed or omitted. I understand that perjury is punishable by imprisonment in the state prison for up to four years; Penal Code Section 126.</p>			
PARTICIPANT'S SIGNATURE			DATE (MO/DAY/YR)



**CALSTRS**  
HOW WILL YOU SPEND YOUR FUTURE?

# Tax Considerations for Rollovers

INCOME TAX WITHHOLDING INFORMATION WHEN RECEIVING:

- Refunds · Defined Benefit Supplement Payments · Partial Lump-Sum Payments
- Survivor Benefits · Cash Balance Benefits

2006–2007

# Purpose

This notice explains how you can continue to defer federal income tax liability on your contributions in the California State Teachers' Retirement Plan (the "Plan") and contains important information you will need before you decide how to receive your Plan distribution.

This notice is provided to you by the California State Teachers' Retirement System (CalSTRS) (your "plan administrator") because all or part of the payment that you will soon receive from the Plan may be eligible for rollover to a traditional IRA or an eligible employer plan. A rollover is a payment by you or a plan administrator of all or part of your benefit to another plan or IRA that allows you to continue to postpone taxation of that benefit until it is paid to you. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).

An "eligible employer plan" means a plan qualified under Section 401(a) of the Internal Revenue Code, including a Section 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a Section 403(a) annuity plan; a Section 403(b) tax-sheltered annuity; and an eligible Section 457(b) plan maintained by a governmental employer (governmental Section 457 plan).

An eligible employer plan is not legally required to accept a rollover. Before you decide to roll over your payment to another employer plan, you should find out whether the plan accepts rollovers and, if so, the types of distributions it accepts as a rollover. You should also find out about any documents that are required to be completed before the receiving plan will accept a rollover. Even if a plan accepts rollovers, it might not accept rollovers of certain types of distributions, such as after-tax amounts. If this is the case, and your distribution includes after-tax amounts, you may wish instead to roll over your distribution to a traditional IRA or split your rollover amount between the employer plan in which you will participate and a traditional IRA. If an employer plan accepts your rollover, the plan may restrict subsequent distributions of the rollover amount or may require your spouse's consent for any subsequent distribution. A subsequent distribution from the plan that accepts your rollover also may be subject to different tax treatment than distributions from CalSTRS. Check with the administrator of the plan that is to receive your rollover prior to requesting a rollover.

If you have additional questions after reading this notice, you may contact us at 1-800-228-5453.

**CalSTRS strongly suggests that you consult the Internal Revenue Service and the California Franchise Tax Board or a professional tax advisor before you take a payment of your benefits from your Plan.**

**If there is a conflict between this publication and the law, the law takes precedence.**

**See back cover for more information.**

# Summary

There are two ways you may be able to receive a plan payment that is eligible for rollover:

1. Certain payments can be made directly to a traditional IRA that you establish or to an eligible employer plan that will accept it and hold it for your benefit (“DIRECT ROLLOVER”); or
2. The payment can be PAID TO YOU.

If you choose a DIRECT ROLLOVER:

- Your payment will not be taxed in the year it is rolled over and no income tax will be withheld.
- You choose whether your payment will be made directly to your traditional IRA or to an eligible employer plan that will accept your rollover. Your payment cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account because these are not traditional IRAs.
- The taxable portion of your payment will be taxed later when you receive it from the traditional IRA or the eligible employer plan. Depending on the type of plan, the later distribution may be subject to different tax treatment than it would be if you received a taxable distribution from CalSTRS.

If you choose to have a plan payment that is eligible for rollover PAID TO YOU:

- You will not receive all of the taxable amount of the payment, because the plan administrator is required to withhold 20% of that amount and forward it to the IRS as income tax withholding to be credited against your federal tax liability. CalSTRS also will withhold 6% of the taxable amount and forward it to the California Franchise Tax Board to be credited against your California tax liability unless you request not to have state withholding. Combined, 26% would be withheld. While California tax withholding is optional, federal withholding is mandatory.
- The taxable amount of your payment will be taxed in the year it is paid unless you roll it over. Under limited circumstances, you may be able to use special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59½, you may have to pay an additional 10% federal and an additional 2.5% California tax for early distribution. Combined, the additional tax would be 12.5%.

The early distribution tax does not apply to distributions from a qualified retirement plan (like CalSTRS) if you separate from service in or after the year you reach age 55 even if you take a distribution before reaching age 59½. However, if you separate from service with your employer prior to age 55, the early distribution tax would apply if you take a distribution prior to age 59½.

- You can roll over all or part of the payment to your traditional IRA or to an eligible employer plan that will accept your rollover within 60 days after you receive the payment. You will not have a tax liability on the amount rolled over until you receive it from the traditional IRA or the eligible employer plan.
- If you want to roll over 100% of the payment to a traditional IRA or an eligible employer plan, you *must find other money to replace the 20% (or 26%, whichever is applicable) of the taxable portion that was withheld*. If you roll over only the 80% (or 74%) that you received, you will be taxed on the amount that was withheld and was not rolled over.

## 30-DAY NOTICE PERIOD

Generally, neither a direct rollover nor a payment to you can be made from the plan until at least 30 days after you receive this notice. Thus, after receiving this notice, you have at least 30 days to consider whether or not to have your distribution directly rolled over. If you do not wish to wait until this 30-day notice period ends before your election is processed, you may waive the notice period by requesting a direct rollover. Your distribution will then be processed in accordance with your election as soon as practical after it is received by CalSTRS.

# More Information

## I. PAYMENTS THAT CAN AND CANNOT BE ROLLED OVER

Some payments from CalSTRS are “eligible rollover distributions.” This means that they can be rolled over to a traditional IRA or to an eligible employer plan that accepts rollovers. Payments from a plan cannot be rolled over to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account.

### After-Tax Contributions

If you made after-tax contributions to CalSTRS, these contributions may be rolled into either a traditional IRA or to certain employer plans that accept rollovers of after-tax contributions. The following rules apply:

- a. **Rollover into a Traditional IRA.** You can roll over your after-tax contributions to a traditional IRA either directly or indirectly. CalSTRS will tell you how much of your payment is the taxable portion and how much is the after-tax portion. If you roll over after-tax contributions to a traditional IRA, it is your responsibility to keep track of, and report to the Internal Revenue Service on the applicable forms, the amount of these after-tax contributions. This will enable the nontaxable amount of any future distributions from the traditional IRA to be determined. Once you roll over your after-tax contributions to a traditional IRA, those amounts CANNOT later be rolled over to an employer plan.
- b. **Rollover into an Employer Plan.** You can roll over after-tax contributions from an employer plan that is qualified under Internal Revenue Code Section 401(a) or a Section 403(a) annuity plan to another such plan using a direct rollover if the other plan provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You can also roll over after-tax contributions from a Section 403(b) tax-sheltered annuity using a direct rollover if the other plan or tax-sheltered annuity provides separate accounting for amounts rolled over, including separate accounting for the after-tax employee contributions and earnings on those contributions. You CANNOT roll over after-tax contributions to a governmental Section 457 plan. If you want to roll over your after-tax contributions to an employer plan that accepts these rollovers, you cannot have the after-tax contributions paid to you first. You must instruct

CalSTRS to make a direct rollover on your behalf. Also, you cannot first roll over after-tax contributions to a traditional IRA and then roll over that amount into an employer plan.

The following types of payments cannot be rolled over:

### Payments Spread over Long Periods

You cannot roll over a payment if it is part of a series of equal (or almost equal) payments (“periodic payments”) that are made at least once a year and that will last for:

- your lifetime (or a period measured by your life expectancy), or
- your lifetime and your beneficiary’s lifetime (or a period measured by your joint life expectancies), or
- a period of 10 years or more.

### Required Minimum Distribution

Beginning when you reach age 70<sup>1/2</sup> or retire, whichever is later, a certain portion of your payment cannot be rolled over because it is a “required minimum distribution” that must be paid to you pursuant to federal law.

CalSTRS will tell you if your payment includes amounts that cannot be rolled over.

## II. DIRECT ROLLOVER

A DIRECT ROLLOVER is the direct payment of the amount of your plan benefits to a traditional IRA or an eligible employer plan that will accept it. You can choose a DIRECT ROLLOVER of all or any portion of your payment that is an eligible rollover distribution, as described in Part I above. You are not taxed on any taxable portion of your payment for which you choose a DIRECT ROLLOVER until you later take it out of the traditional IRA or eligible employer plan. In addition, no income tax withholding is required for any taxable portion of your plan benefits for which you choose a DIRECT ROLLOVER. A plan is not required to let you choose a DIRECT ROLLOVER if your distributions for the year are less than \$200.

### Direct Rollover to a Traditional IRA

You can open a traditional IRA to receive the direct rollover. If you choose to have your payment made directly to a traditional IRA, contact an IRA sponsor (usually a financial institution) to find out how to have your

payment made in a direct rollover to a traditional IRA at that institution. If you are unsure of how to invest your money, you can temporarily establish a traditional IRA to receive the payment. However, in choosing a traditional IRA, you may wish to make sure that the traditional IRA you choose will allow you to move all or a part of your payment to another traditional IRA at a later date, without penalties or other limitations. See IRS Publication 590, Individual Retirement Arrangements, for more information on traditional IRAs (including limits on how often you can roll over between IRAs).

### Direct Rollover to a Plan

If you are employed by a new employer that has an eligible employer plan, and you want a direct rollover to that plan, ask the administrator of that plan whether it will accept your rollover. An eligible employer plan is not legally required to accept a rollover. If the employer plan accepts your rollover, the plan may impose restrictions on the circumstances under which you may later receive a distribution of the rollover amount or may require spousal consent before any subsequent distribution. Check with the administrator of that plan before making your decision. Even if your new employer's plan does not accept a rollover, you can choose a DIRECT ROLLOVER to a traditional IRA.

### Direct Rollover of a Series of Payments

If you receive a payment that can be rolled over to a traditional IRA or an eligible employer plan that will accept it, and it is paid in a series of payments for less than 10 years, your choice to make or not make a DIRECT ROLLOVER for a payment will apply to all later payments in the series until you change your election. You are free to change your election for any later payment in the series.

### Change in Tax Treatment Resulting from a Direct Rollover

The tax treatment of any payment from the eligible employer plan or traditional IRA receiving your DIRECT ROLLOVER might be different than if you received your benefit in a taxable distribution directly from CalSTRS. For example, if you were born before January 1, 1936, you might be entitled to ten-year averaging or capital gain treatment, as explained below. However, if you have your benefit rolled over to a Section 403(b) tax-sheltered annuity, a governmental Section 457 plan, or a traditional IRA in a DIRECT ROLLOVER, your benefit will no longer be eligible for that special treatment. See

the sections below entitled "Additional 10% Tax on Early Distributions" and "Special Tax Treatment if You Were Born before January 1, 1936."

### III. PAYMENT PAID TO YOU

If your payment can be rolled over (see Part I above) and the payment is made to you in cash, it is subject to 20% federal income tax withholding on the taxable portion. California state income tax of 6% will also be withheld unless you tell CalSTRS not to withhold state tax. The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you do not roll over the payment, special tax rules may apply.

#### INCOME TAX WITHHOLDING:

##### Mandatory Withholding

If any portion of your payment can be rolled over under Part I above and you do not elect to make a DIRECT ROLLOVER, CalSTRS is required by law to withhold 20% of the taxable amount of the payment. The withheld amount is sent to the IRS to be applied to your federal income tax liability. For example, if you can roll over a taxable payment of \$10,000, CalSTRS must withhold \$2,000 as federal income tax. In addition, CalSTRS will withhold 6% of the taxable amount and forward it to the California Franchise Tax Board to be credited against your California income tax liability unless you request that state withholding not be applied. However, when you prepare your income tax returns for the year, unless you make a rollover within 60 days (see "Sixty-Day Rollover Option" below), you must report the full \$10,000 as a taxable payment from CalSTRS. You must report \$2,000 as federal tax withheld and \$600 as state tax withheld, and the amounts withheld will be credited against any income tax you owe for the year. While federal withholding is required, you may elect not to have California tax withheld. No income tax will be withheld if your payments from CalSTRS for the year are less than \$200.

##### Voluntary Withholding

If any portion of your payment is taxable but cannot be rolled over as described in Part I above, the mandatory withholding rules stated above do not apply. In this case, you may elect not to have withholding apply to that portion. If you do nothing, both federal and state

income tax withholding will be taken out of this portion of your payment. To elect out of state withholding if your distribution will be made from the Defined Benefit (DB) Program, ask CalSTRS for the *Income Tax Withholding Preference Certificate*. To elect out-of-state withholding if your distribution will be made from the Cash Balance (CB) Benefit Program, ask for form CB 584.

### Sixty-Day Rollover Option

If you receive a payment that could have been rolled over, you can still decide to roll over all or part of it to a traditional IRA or to an eligible employer plan that accepts rollovers. If you decide to roll over the payment, *you must contribute the amount of the payment you received to a traditional IRA or eligible employer plan within 60 days after you received the payment*. The portion of your payment that is rolled over will not be taxed until you take it out of the traditional IRA or the eligible employer plan.

You can roll over up to 100% of your eligible rollover distribution, including an amount equal to the taxable portion that was withheld. If you choose to roll over 100%, you must find other money within the 60-day period to contribute to the traditional IRA or the eligible employer plan, to replace the amount that was withheld. If you roll over only the amount of the taxable portion that you received, you will be taxed on the amount that was withheld.

**Example:** Assume the taxable portion of your payment that can be rolled over is \$10,000, and you choose to have it paid to you. After 20% is withheld for federal tax and 6% is withheld for California tax, you will receive \$7,400. The amount withheld (\$2,600) will be sent to the IRS and the California Franchise Tax Board as income tax withholding. Within 60 days after receiving the \$7,400, you may roll over the entire \$10,000 to a traditional IRA or an eligible employer plan. To do this, you would roll over the \$7,400 you received from CalSTRS, and you would add \$2,600 from other sources (your savings, a loan, etc.). In this case, the entire \$10,000 is not taxed until you take it out of the traditional IRA or the eligible employer plan. If you roll over the entire \$10,000, when you file your income tax return you may get a refund of part or all of the \$2,600 withheld.

If, on the other hand, you roll over only \$7,400, the \$2,600 you did not roll over will be taxed in the year it was withheld. When you file your income tax return, you may still get a refund of part of the \$2,600 withheld. However, any refund is likely to be larger if you roll over the entire \$10,000.

### Additional Tax on Early Distributions

An early distribution is subject to an additional federal tax of 10% as well as an additional California tax of 2.5% of the taxable portion of the distribution if the distribution is eligible for rollover and is not rolled over. An “early distribution” is a payment made before you reach age 59½. However, payments from a qualified plan (such as CalSTRS) that are made after you separate from service with your employer if the separation from service occurs during or after the year in which you reach age 55 are not subject to an early distribution tax.

Other exceptions to the early distribution tax include the following types of payments:

- payments that are made because you retire due to disability
- payments that are made as equal (or almost equal) payments over your life or life expectancy (or, the lives of you and your beneficiary or the life expectancies of you and your beneficiary)
- dividends paid with respect to stock by an employee stock ownership plan (ESOP) as described in Section 404(k) of the Internal Revenue Code
- amounts that are paid directly to the government to satisfy a federal tax levy
- amounts that are paid to an alternate payee under a qualified domestic relations order
- payments that do not exceed the amount of your deductible medical expenses.

Refer to IRS Publication 575 and IRS Form 5329 for more information on the additional 10% federal tax.

The additional tax on early distributions will not apply to distributions from a governmental Section 457 plan, except to the extent the distribution is attributable to an amount you rolled over to that plan (adjusted for investment returns) from another type of eligible employer plan or IRA. Any amount rolled over from a governmental Section 457 plan to another type of eligible employer plan or to a traditional IRA will become subject to the additional 12.5% combined tax if it is distributed to you before you reach age 59½, unless one of the exceptions above applies.

### Special Tax Treatment if You Were Born before January 1, 1936

If you receive a payment from a plan qualified under Section 401(a) or a Section 403(a) annuity plan that can be rolled over and you do not roll it over to a traditional IRA or an

eligible employer plan, the payment will be taxed in the year you receive it. However, if the payment qualifies as a “lump-sum distribution,” it may be eligible for special tax treatment. A lump-sum distribution is a payment, within one year, of your entire balance under the plan (and certain other similar plans of the employer) that is payable to you after you have reached age 59½ or because you have separated from service with your employer (or, in the case of a self-employed individual, after you have reached age 59½ or have become disabled). For a payment to be treated as a lump-sum distribution, you must have been a participant in the plan for at least five years before the year in which you received the distribution. The special tax treatment for lump-sum distributions that may be available to you is described below.

#### Ten-Year Averaging

If you receive a lump-sum distribution and you were born before January 1, 1936, you can make a one-time election to figure the tax on the payment by using “10-year averaging” (using 1986 tax rates). Ten-year averaging often reduces the tax you owe.

#### Capital Gain Treatment

If you receive a lump-sum distribution and you were born before January 1, 1936, and you were a participant in the plan before 1974, you may elect to have the part of your payment that is attributable to your pre-1974 participation in the plan taxed as long-term capital gain at a rate of 20%.

There are other limits on the special tax treatment of lump-sum distributions. For example, you can generally elect this special tax treatment only once in your lifetime, and the election applies to all lump-sum distributions that you receive in that same year. You may not elect this special tax treatment if you rolled amounts into CalSTRS from a Section 403(b) tax-sheltered annuity contract, a governmental Section 457 plan, or from an IRA not originally attributable to a qualified employer plan. If you have previously rolled over a distribution from CalSTRS, you cannot use this special averaging treatment for later payments from CalSTRS. If you roll over your payment to a traditional IRA, governmental Section 457 plan, or Section 403(b) tax-sheltered annuity, you will not be able to use special tax treatment for later payments from that

IRA, plan, or annuity. Also, if you roll over only a portion of your payment to a traditional IRA, governmental Section 457 plan, or Section 403(b) tax-sheltered annuity, this special tax treatment is not available for the rest of the payment. See IRS Form 4972 for additional information on lump sum distributions and how you elect the special tax treatment.

#### IV. DESIGNATED BENEFICIARIES, ALTERNATE PAYEES, AND OTHER BENEFICIARIES

In general, the rules summarized above that apply to payments to employees also apply to payments to designated beneficiaries of employees and to spouses or former spouses who are “alternate payees.” You are an alternate payee if your interest in the plan results from a “qualified domestic relations order,” which is an order issued by a court, usually in connection with a divorce or legal separation.

If you are a designated beneficiary or an alternate payee, you may choose to have a payment that can be rolled over, as described in Part I above, paid in a DIRECT ROLLOVER to a traditional IRA or to an eligible employer plan or paid to you. If you have the payment paid to you, you can keep it or roll it over yourself to a traditional IRA or to an eligible employer plan. Thus, you have the same choices as the employee.

If you are a designated beneficiary, an alternate payee, or another beneficiary, your payment is generally not subject to the additional 12.5% combined federal and California tax that applies to early distributions, even if you are younger than age 59½.

If you are a designated beneficiary, an alternate payee, or another beneficiary, you may be able to use the special tax treatment for lump-sum distributions as described in Part III above. If you receive a payment because of the employee’s death, you may be able to treat the payment as a lump-sum distribution if the employee met the appropriate age requirements, whether or not the employee had 5 years of participation in the plan.

### HOW TO OBTAIN ADDITIONAL INFORMATION

This notice only summarizes the federal tax rules that might apply to your payment and provides limited information on California state tax rules. The rules described herein are complex and contain many conditions and exceptions that are not included in this brochure. CalSTRS strongly suggests that you consult the Internal Revenue Service and the California Franchise Tax Board or a professional tax advisor before you take a payment of your benefits from your plan. Also, you can find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, Pension and Annuity Income; and IRS Publication 590, Individual Retirement Arrangements. These publications are available from your local IRS office, on the IRS's Internet Web site at [www.irs.gov](http://www.irs.gov), or by calling 1-800-TAX-FORMS.



California State Teachers' Retirement System  
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