

Service Retirement Application Instructions

This application is for Defined Benefit members who are retiring from service. 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.



Complete and submit your application online using *myCalSTRS* for faster processing. Step-by-step guidance ensures you complete your application correctly.

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 authorized leave, whichever is later.
4. If you are retiring after reinstating to active service from retirement, there are restrictions, your retirement date must be at least one day after the date you reinstated.
5. If your retirement date is not the first day of the month, your first benefit payment will be prorated for that month.
6. If you are purchasing service credit, your retirement date cannot be earlier than the date you complete payment of your service credit purchase.

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

Mid-Year Retirement: The process of averaging for mid-year retirees often results in a final compensation that is lower than expected. See *Your Retirement Guide*, page 8.

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 *Your Retirement Guide*, page 11.

Other Public Retirement Systems: See *Your Retirement Guide*, page 15.

SECTION 3—YOUR DEFINED BENEFIT

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 option and beneficiaries—or Member-Only Benefit. If you re-retire after 12 months of reinstating, you may change or cancel your election before or at retirement, but CalSTRS may apply a lifetime assessment to your retirement benefit. Once you are in retirement, you may make a postretirement option change only under four limited circumstances. See the *Member Handbook* to learn more.

Member-Only Benefit

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

Modified Benefit

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 and cannot be a trust, charity, estate or other entity.

You will find descriptions of the options in *Your Retirement Guide*, page 10. For an estimate of how each option would affect your monthly retirement benefit, talk to a CalSTRS benefits counselor, use the *Retirement Benefit Calculator* at CalSTRS.com/calculators or complete the benefit estimate worksheet in the *Member Handbook*.

The option and option beneficiaries you elect on your retirement application become effective on your retirement date. To provide for someone if you die before retirement, see the *Your Retirement Guide*, page 11, for information on the Preretirement Election of an Option.

Beneficiary Information

Enter your option beneficiary information if you elect an option other than the Compound Option. Include birth date verification. Acceptable documents include a photocopy of a birth certificate, passport ID page and certain 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*.

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 3.2—Defined Benefit Tax Withholding Preferences

Federal and California state laws require us to withhold income tax on all benefit payments unless you specify otherwise.

If you do not complete this section, CalSTRS must withhold income tax from all your monthly benefit payments in accordance with the established rate for a married individual claiming three withholding allowances.

If you do not want taxes withheld, return the application with the *Do Not Withhold* boxes checked. 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 retirement benefit payments. If you want taxes withheld, mark the appropriate boxes and specify the number of allowances. You may specify

an *additional* dollar amount to withhold for state and federal taxes.

For California state income tax only, you may elect to withhold a flat dollar amount without specifying allowances.

SECTION 4—YOUR DEFINED BENEFIT SUPPLEMENT

Section 4.1—Defined Benefit Supplement Election

Your Defined Benefit Supplement account balance is shown on your *Retirement Progress Report*. If your account balance is \$3,500 or more, you can choose to receive these funds as a lump-sum payment, an annuity payment or a combination lump-sum and annuity payment. See *Your Retirement Guide*, pages 12–13, for your Defined Benefit Supplement distribution choices. If your account balance is less than \$3,500, you must take a lump-sum payment.

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.

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 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.

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 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. If you would like to roll over your payment to a financial institution, check the *Rollover* box.

Be sure to read Section 6, *Special Tax Notice: Your Rollover Options*, on pages 9–12.

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 an eligible rollover distribution of \$4,000 and you choose to roll over 75 percent of the balance to a qualified IRA or an eligible plan, CalSTRS will distribute \$3,000 directly to the plan you

specify. The 25 percent remaining balance of \$1,000 paid directly to you is subject to 20 percent federal income tax withholding. You will receive only \$800 because \$200 is withheld for federal tax (or less, if you choose to have state tax withheld).

Financial Institution Information

If you are rolling over your Defined Benefit Supplement funds to a financial institution other than CalSTRS Pension2®, you must get a signature from your financial institution before submitting your application.

CalSTRS Pension2 Rollovers: If you would like to roll over your funds to CalSTRS Pension2, you will need to establish your Pension2 account before submitting your application otherwise the processing of your application will be delayed. If you enroll online, typically your account will be established in two to three days.

If you select CalSTRS Pension2 for your rollover of contributions and interest, CalSTRS will obtain the required signatures on your behalf.

For more information or to enroll, visit Pension2.com. You may also contact us by email at Pension2@CalSTRS.com or call 888-394-2060, Monday–Friday, 8 a.m. to 5 p.m. PST.

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 not complete and correct, your rollover will be delayed.

We are not able to process direct trustee-to-trustee transfers to financial institutions outside the U.S.

Section 4.3–Defined Benefit Supplement Tax Withholding Preferences

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

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 choose to have payments paid directly to you, CalSTRS must withhold 20 percent for federal taxes. If you choose to have state tax withheld, CalSTRS will withhold at 10 percent of your federal income tax withholding. For example, if you have 20 percent federal tax withholding, your state withholding will be 2 percent.

ADDITIONAL INFORMATION ON TAX WITHHOLDING PREFERENCES

Applies to Sections 3.2, 4.2 and 4.3

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.

Withholding Choices: The number of state withholding allowances you claim may be different from the number of allowances you claim for federal withholding. To help determine the appropriate number of allowances, see the allowance worksheets for the:

- State withholding certificate DE-4P at edd.ca.gov/pub/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, CalSTRS will not withhold California income tax from your retirement benefit if you live outside the state. However, if you think you may be liable for California state income tax, use the *Income Tax Withholding Preference Certificate* form to request California income tax withholding. 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.

If you are a U.S. citizen and have your benefits delivered outside the U.S., you can choose not to have tax withheld by giving CalSTRS your home address in the U.S. or in a U.S. possession. If you give CalSTRS a U.S. address of a nominee, agent, trustee or custodian who is receiving your benefits as an intermediary, but do not give us your own U.S. home address, CalSTRS will treat your benefits as payments to a foreign person and must withhold tax on your benefits as required by tax laws.

Non-U.S. Resident Aliens: A nonresident alien is an individual who is not a U.S. citizen or a resident alien. Generally, nonresident aliens are subject to a 30 percent federal income tax on their U.S. income. A reduced rate, including an exemption, may apply if there is a tax treaty between the foreigner's country of residence and the U.S. For more information, see IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, available at irs.gov (type in 515 in the search function) 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.

Lifetime Monthly Annuity or Period-Certain Annuity of 10 years

If you elect to receive a lifetime annuity or a period-certain annuity of 10 years for your Defined Benefit Supplement funds, you will need to specify your tax withholding preferences. If you do not complete this section, we will withhold income tax from your monthly payments in accordance with the established rate for a married individual claiming three withholding allowances. If you do not want taxes withheld, mark the *Do Not Withhold* boxes. If you want taxes withheld, mark the appropriate boxes and specify the number of allowances.

You may specify an *additional* dollar amount to withhold. For California state tax, you may also elect to withhold a flat dollar amount without specifying allowances.

SECTION 5—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 completed and signed *Justification for Non-Signature of Spouse or Registered Domestic Partner* form with your application.

If you divorced or terminated a registered domestic partnership and a portion of your CalSTRS benefits was awarded to a former spouse or partner, check the box that indicates this. You may need to refer to your settlement agreement to make this determination. In addition, 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.

SECTION 6—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 1–7 of your *Service Retirement Application*. Keep a copy for your records.

myCalSTRS

Complete and submit your application online using myCalSTRS. It's easy, fast and secure.

Hand Delivery

Hand deliver your application to a local CalSTRS benefits counseling office (see page 19 of the *Your Retirement Guide* or visit CalSTRS.com/localoffices).

Mailing Address

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

916-414-5964 or
916-414-5965

QUESTIONS

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

RETIREMENT CHANGE REQUESTS

If you have already submitted your *Service Retirement Application* and want to make a change, CalSTRS must receive the *Service Retirement Application Change Request* form (SR 1328) no later than 30 days from the date your first benefit payment is issued. This form is available at CalSTRS.com or by calling us. Use this form to change 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 in writing immediately of any change in your name or mailing address. You can update your mailing address online using your myCalSTRS account. Otherwise, complete the *Address Change Request* form, available at CalSTRS.com (select *Forms*) or by calling us.

Submit only pages 1–7 of your *Service Retirement Application*.

Remember to sign and date your application and other forms.

Your signatures must be within six months of your requested retirement date if you are requesting a retirement date in the future.

Service Retirement Application

SR 0059 rev 01/15

CALSTRS

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

For CalSTRS' Official Use Only

With my signature on page 7, I certify that I have read the instructions and the booklet, *Your Retirement Guide*, and I am applying for service retirement. I fully understand that if my retirement is approved by CalSTRS and verified by my employer, I will be officially retired as of the retirement date I have requested when CalSTRS receives my properly completed, signed and dated application.

You can also complete and submit your application online using *myCalSTRS* for faster processing. Step-by-step guidance ensures you complete your application correctly.

Section 1: Member Information

Name (Last, First, Initial)		Client ID or Social Security Number	
Mailing Address		Email Address	
City	State	ZIP Code	
	()	()	
Date of Birth (MM/DD/YYYY)	Home Telephone	Alternate Telephone	


Section 2: Retirement Information

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Retirement date (MM-DD-YYYY).
Your first benefit payment will be calculated from this date through the end of the month in which you retire.

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Last date of work, vacation or approved leave (MM-DD-YYYY). This date must be 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 if your service does not overlap. Place an X in the appropriate box below. Mark all that apply and indicate your retirement date with the other system.

CalPERS SFERS LRS UCRS 1937 ACT COUNTY—County Name _____
Retirement dates from other systems (MM/DD/YYYY) _____



Name _____ Client ID or SSN _____

Section 3: Your Defined Benefit

Section 3.1 Defined Benefit Election

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

- Member-Only Benefit (Skip to section 3.2.)
- OR** Modified Benefit (If you check this box, choose an option 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 (100%, 75%, 50% or compound) _____ and the name of your option beneficiary _____

OR

I am electing an option at retirement. (Your option beneficiary must be a living person or persons—your beneficiary cannot be a trust, estate, charity or other entity. This option is not the one-time death benefit.) I have read *Your Retirement Guide*, pages 9–11, that describe the Defined Benefit options available, and I elect one of the following options at retirement. Choose one and complete the beneficiary information 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

The option beneficiary I am electing at retirement is:

Beneficiary's Name (Last, First, Initial) _____ Beneficiary's Social Security Number _____

Mailing Address _____ Email Address _____

City _____ State _____ ZIP Code _____
 () ()

Home Telephone _____ Alternate Telephone _____

Member of CalSTRS: Yes No

Gender: Male Female

Relationship: Spouse Registered Domestic Partner Other

Date of Birth (MM/DD/YYYY) _____ Verification Enclosed

Name _____ Client ID or SSN _____

Section 3.2 Defined Benefit Tax Withholding Preferences

If you do not complete this section, CalSTRS must withhold state and federal income tax from your payment based on rates for a married person claiming three withholding allowances.

Remember, 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 monthly benefit payment.

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: Your Defined Benefit Supplement

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. (See *Your Retirement Guide*, page 12.)

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. (See *Your Retirement Guide*, pages 12–13.)

Defined Benefit Supplement Choices

You have three payment choices for your Defined Benefit Supplement account. Choose only one:

1. Lump-Sum Payment

- Check paid to you directly. (Skip to section 4.2 and select Direct Payment.)
- Rollover to a financial institution. (Skip to section 4.2 and select Rollover.)

2. Annuity Payment

You have two choices. Choose one:

Period-Certain Monthly Annuity of 3 to 10 years*

Number of years (*circle one*) 3 4 5 6 7 8 9 10

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. Select 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. (See section 4.2, Direct Payment.)
- Rollover to a financial institution. (See to section 4.2, Rollover.)

Annuity (choose one):

Period-Certain Monthly Annuity of 3 to 10 years*

Number of years (*circle one*) 3 4 5 6 7 8 9 10

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. Select one:

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

*Lifetime monthly annuity and period-certain annuities of 10 years are not eligible for rollover into a pretax account. See section 4.3 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 9–13 of this application. **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.** 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**.

Direct Payment: I choose to have my Defined Benefit Supplement distribution paid directly to me. (Skip to section 4.3.)
OR

Rollover: I choose to roll over all or part of my Defined Benefit Supplement distribution to a financial institution. Only Lump-Sum payments and period-certain annuities of three to nine years are eligible for a rollover. Complete the information below. (If you choose a rollover to CalSTRS Pension2®, CalSTRS staff will obtain the financial institution representative’s signature on your behalf.) *Any amount not designated for transfer will be mailed directly to me.* (See section 4.3, Direct Payment, and mark the appropriate box for your tax withholding preference.)

THIS SECTION REQUIRES YOUR FINANCIAL INSTITUTION’S SIGNATURE (EXCEPT FOR PENSION2 ROLLOVERS)

Rollover of Tax-Deferred Contributions and Interest. I elect to roll over my tax-deferred contributions and interest to one of the plans listed.

Traditional IRA Other eligible plan (403(b), 457, 401(k) or 401(a)) Roth IRA (taxable rollover)

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

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 Representative	() Telephone
Financial Institution Representative’s Signature*	Signature Date (MM/DD/YYYY)

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

Traditional IRA Other eligible plan (403(b), 457, 401(k) or 401(a)) Roth IRA

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

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
Financial Institution Representative’s Name	() Telephone
Financial Institution Representative’s Signature*	Signature Date (MM/DD/YYYY)

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

Name _____ Client ID or SSN _____

Section 4.3 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 monthly benefit payment.

Direct Payment Lump Sum and Period-Certain Annuities of 3 to 9 Years

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. CalSTRS will automatically withhold federal tax from your payment.

Under state law, you can choose not to have any state tax withholding. If you choose to have state tax withheld, CalSTRS will withhold at 2 percent.

Withhold California state income tax? Yes No

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 payment 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.)

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

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.)

Section 5: Required Signatures

Check all that apply.

- 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 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 partner was *not* awarded a portion of my CalSTRS benefits.

Member's Signature

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 retirement is approved by CalSTRS and verified by my employer, I will be officially retired as of the retirement date I have requested when CalSTRS receives my properly completed, signed and dated application.

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

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 2201)



Member's Signature

Signature Date (MM/DD/YYYY)



Spouse's or Registered Domestic Partner's Signature

Signature Date (MM/DD/YYYY)

Signatures must be within six months of your requested retirement date if you are rerequesting a retirement date in the future.

Submitting Your Application

myCalSTRS

Complete and submit your application online using myCalSTRS. It's easy, fast and secure.

Fax Delivery

916-414-5964 or
916-414-5965

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

Hand Delivery

Hand deliver your application to a CalSTRS benefits counseling office. For a current listing, go to CalSTRS.com/localoffices.

Mailing Address

Mail your application to:
CalSTRS
P.O. Box 15275, MS 65
Sacramento, CA 95851-0275

Submit only pages 1-7 of the Service Retirement Application. Keep a copy of your completed application for your records. If you fax your application, keep the confirmation page. We are unable to call and confirm receipt of your faxed application.

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Section 6: 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 an 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.

Certain California tax information also is provided. In general, California law conforms to the Internal Revenue Service regulation. However, there are some differences between California and federal law. 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 percent additional federal income tax and a 2.5 percent 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 percent additional federal income tax and 2.5 percent 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 an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer 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 do 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 an employer plan. You should contact the IRA sponsor or the administrator of the employer 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 earnings.

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 20 percent of the payment for federal income taxes. If you choose to have state tax withheld, CalSTRS will withhold at 2 percent. 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 percent 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 and will be subject to the 10 percent additional federal income tax and the 2.5 percent 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 after age 70½ (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 percent additional federal income tax and the 2.5 percent additional state income tax on early distributions?

If you are under age 59½, you will have to pay the 10 percent additional federal income tax and 2.5 percent 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 is in addition to the regular federal and state income taxes on the payment not rolled over.

The 10 percent additional federal income tax and the 2.5 percent 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.

If I do a rollover to an IRA, will the 10 percent additional federal income tax and the 2.5 percent 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 percent additional federal income tax and 2.5 percent additional state income tax on early distributions from the IRA, 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:

- There is no exception for payments after separation from service that are made after age 55.
- 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. 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.

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 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 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.

To apply for a waiver, 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, *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 percent additional income tax and 2.5 percent 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 percent additional federal income tax and 2.5 percent additional state income tax on early distributions, unless an exception applies. You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, *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 percent additional federal income tax and 2.5 percent 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 percent additional federal income tax and 2.5 percent additional state income tax on early distributions, unless an exception applies. In addition, required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10 percent additional federal income tax and 2.5 percent 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 70½.

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 percent additional federal income tax and 2.5 percent additional state income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

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 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). Payments under the QDRO will not be subject to the 10 percent additional federal income tax or 2.5 percent 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. employer plan, CalSTRS is generally required to withhold 30 percent 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 for 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 mailed directly to you.

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*.

FOR MORE INFORMATION

See the *Tax Considerations for Rollovers* booklet at CalSTRS.com. You may wish to 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*, IRS Publication 590, *Individual Retirement Arrangements* and IRS 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

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