

California Teachers Association Employees' Retirement Benefits Trust

April 2026

ANNUAL REMINDER REGARDING FEDERAL TAX RESPONSIBILITY

Why is this notice being sent to me?

The California Teachers Association Employees' Retirement Benefits Plan (the "Plan") is required by federal regulations to provide you with an annual notice of your tax obligations and the ability to make an election regarding federal tax withholding from your benefit payments. The payments that you receive from the Plan are subject to federal income tax withholding, unless you elect not to have withholding apply. Please read this notice thoroughly and carefully.

What do I need to do?

- Along with your retirement application, you would have been given a federal W-4P form to complete, upon which you would have elected your filing status and adjustments, which affects the amount of federal income tax to be withheld from your monthly benefit payments. You may have elected not to have withholding apply.

If you have been retired for a while now, you may have even requested a new Form W-4P to update your federal tax withholding elections since your original application. If you have never provided the Plan Office with a completed Form W-4P, the Plan is required to withhold from your monthly pension payments as if you are single with no adjustments.

- **Your most recent election (or the required default rate) will remain in effect until you file a new Form W-4P with us, which you may do at any time. If you do not want to change your existing federal tax withholding status, DO NOTHING - it is NOT necessary to complete a new form.**
- **If you DO wish to change or revoke your existing federal tax withholding election, including if you would like to elect not to have withholding apply, please contact the Plan Office, to request a new Form W-4P.** If you make a change, it will be put into effect on the first of the month, that is at least 30 days after the date the Plan Office receives your completed form.

IMPORTANT INFORMATION – PLEASE READ

- *Withholding for Non-US Payments:* If are a US citizen or a resident alien and (a) you have a non-US address (military and diplomatic post office addresses are considered US addresses), (b) your pension payments are deposited to a non-US bank, or (c) your pension payments are deposited to a US bank with instructions to forward the payments to a foreign bank or to a person located outside of the US, you must elect to have US federal income tax withheld. You may not elect out of withholding.
- *Nonresident Aliens:* If you are a nonresident alien (meaning you are a non-US citizen who resides outside of the US), different rules apply. If you are a nonresident alien, DO NOT complete Form W-4P and contact the Plan Office.
- *Decision on Withholding:* Federal tax withholding from your benefit payments is one method used to satisfy federal income tax obligations. Your federal income tax liability depends on your total taxable income, not just payments from the Plan. If you elect not to have federal income tax withheld from your monthly annuity payments, or if you do not have enough federal income tax withheld, you may be required to make estimated tax payments. In addition, you may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient. The Plan Office is not authorized to provide tax advice or recommendations. You may wish to discuss this with a qualified tax advisor.

If you have any questions, please contact the Plan Office.