

# Understanding Roth Contributions in your **Northrop Grumman Savings Plan**



**CONTRIBUTION TYPES**

## **Saving in the Northrop Grumman Savings Plan**

**1**

**PRETAX  
CONTRIBUTIONS**

**2**

**ROTH  
CONTRIBUTIONS**

**3**

**AFTER-TAX  
CONTRIBUTIONS**

**+ ROTH IN-PLAN CONVERSIONS**

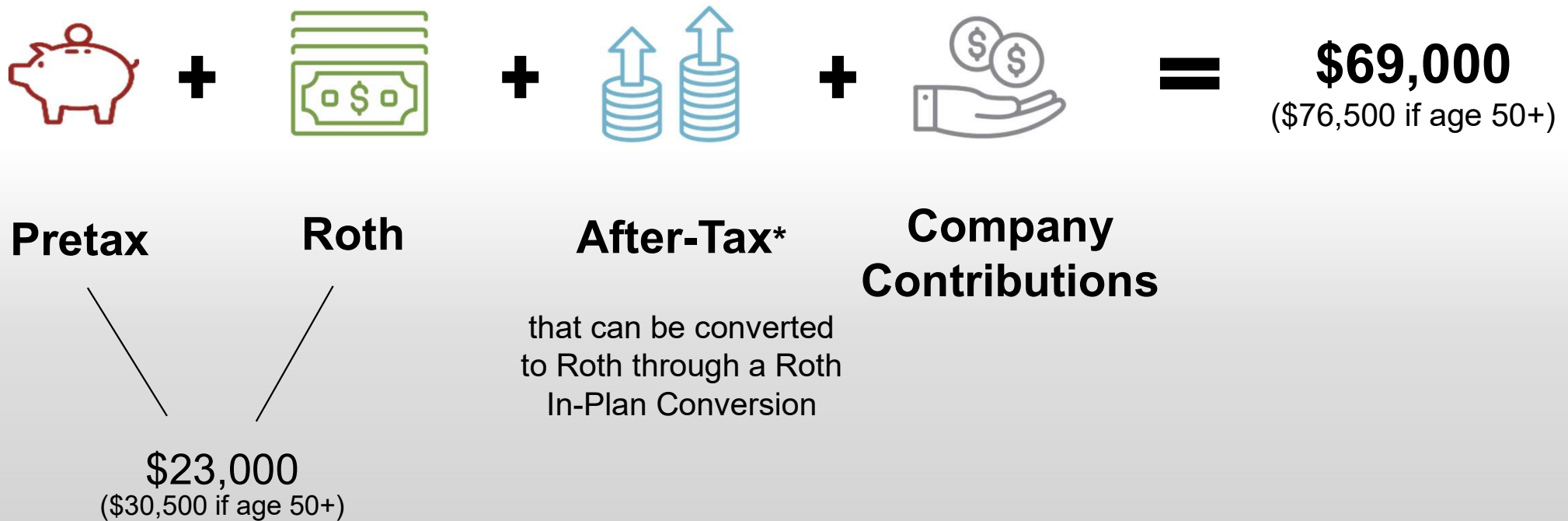
## CONTRIBUTION TYPES

	Pretax	Roth	After-Tax
IRS Limits	\$23,000 combined limit in 2024 (\$30,500 if age 50+)		Subject to plan limits; up to \$69,000* in 2024 (\$76,500 if age 50+) for total contributions
Company Match Eligible	Yes	Yes	Yes
Taxation at Contribution	No Contributions deducted before taxes	Yes Contributions deducted after taxes	Yes Contributions deducted after taxes
Taxation at Distribution	Yes Pay taxes on contributions and any earnings	No Contributions and any earnings are tax free**	Partially Contributions are tax free; any earnings are taxable

\*Includes pretax, after-tax, Roth, company match, and non-elective contributions based on years of service

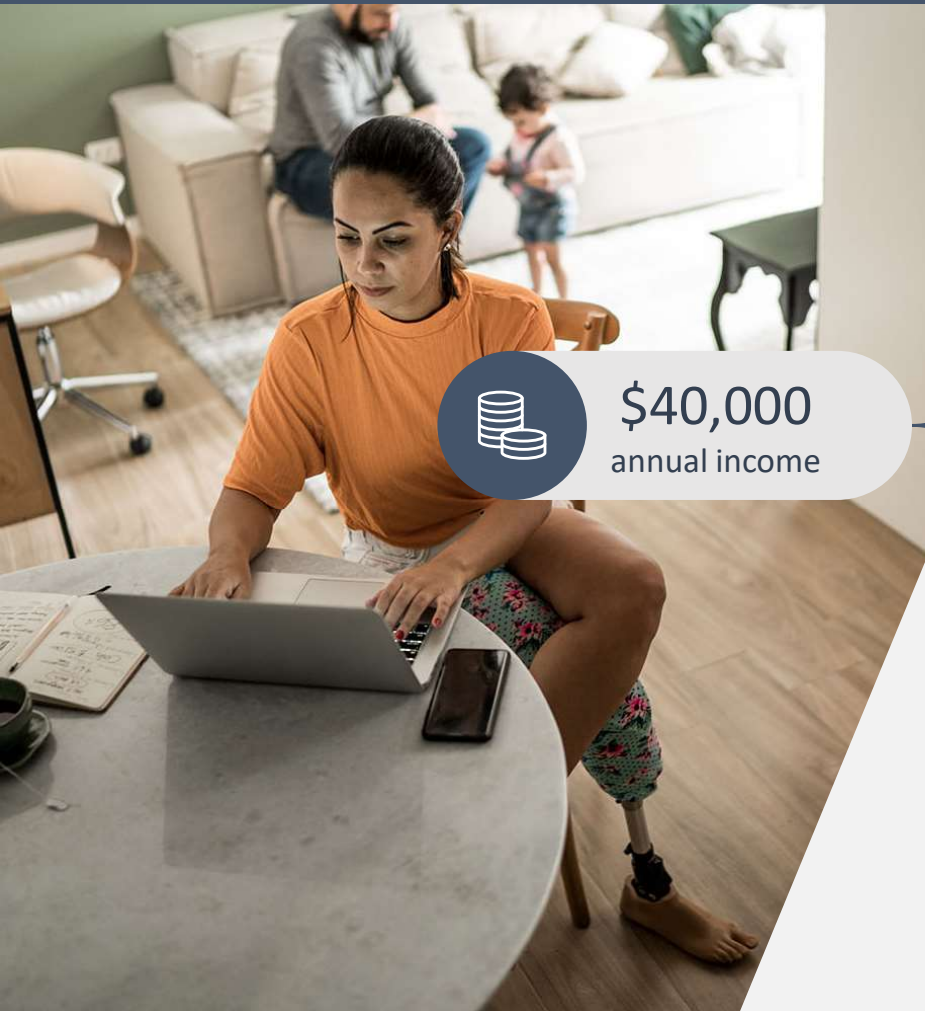
\*\*A distribution from a Roth 401(k) is federally tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death.


# Total Savings Opportunity in your Northrop Grumman Savings Plan



\*After-Tax contributions may be limited to a lesser amount due to legally required nondiscrimination testing.

# How contribution types affect your paycheck



 **\$40,000**  
annual income

	Contribution rate	Monthly contribution amount*	Monthly reduction in take-home pay*
Pretax	6%	\$200	<b>\$156</b>
Roth	6%	\$200	<b>\$200</b>

\*This hypothetical example is based solely on an assumed 22% income tax withholding rate. No other payroll deductions are taken into account. Actual taxes and take-home pay will depend on your individual tax situation. Pretax contributions and any related earnings will be taxed at the time of withdrawal. Any earnings on after-tax Roth contributions are income tax-free if certain conditions are met.

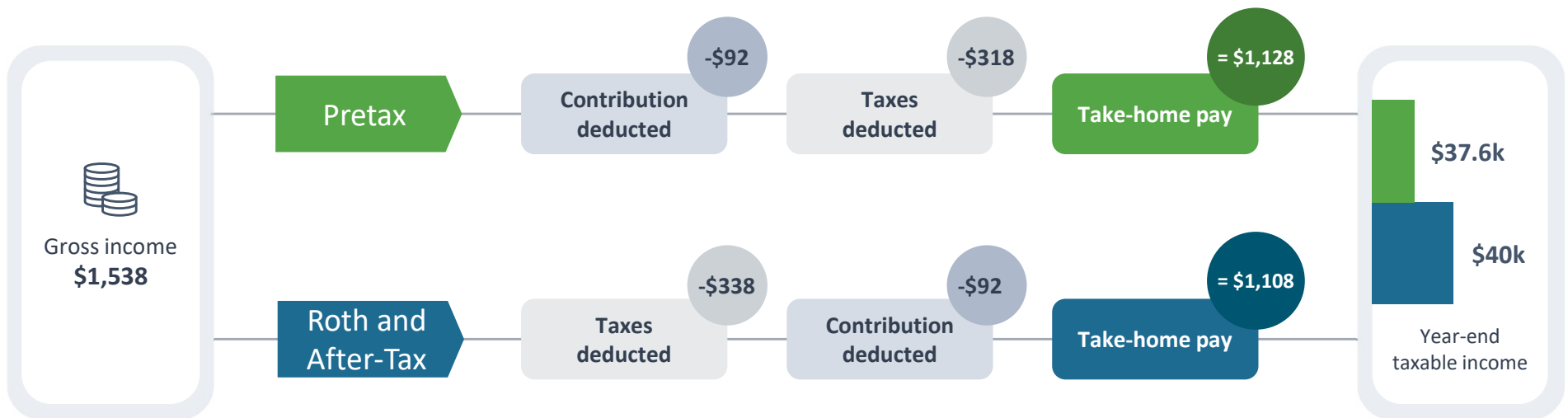
# How contribution types affect your paycheck



Annual income  
**\$40,000**






Contribution rate  
**6% (\$92 per biweekly paycheck\*)**



\*This hypothetical example is based solely on an assumed 22% income tax withholding rate. No other payroll deductions are taken into account. Actual taxes and take-home pay will depend on your individual tax situation. Pretax contributions and any related earnings will be taxed at the time of withdrawal. Any earnings on after-tax Roth contributions are income tax-free if certain conditions are met.

## Potential future tax advantages

	Contributions	Potential growth	Account totals (prior to distribution)	Amount you may pay taxes on upon distribution in retirement
 <b>Pretax</b> (subject to IRS limits)	\$48,000	+ \$56,000	\$104,000	<b>\$104,000</b>
 <b>Roth</b> (subject to IRS limits)	\$48,000	+ \$56,000	\$104,000	<b>\$0*</b>
 <b>After-tax</b>	\$48,000	+ \$56,000	\$104,000	<b>\$56,000</b>

\*A distribution from a Roth workplace savings plan is federally tax free and penalty free, provided the five-year aging requirement has been satisfied and one of the following conditions is met: age 59½, disability, or death. State taxes may apply.

This hypothetical example does not include an annual increase in income (only a flat \$2,400 yearly contribution) but does assume a 7% annual average rate of return, no employer contributions, a 20-year compounding timeline, and a \$0 starting balance. Source: Contribution Calculator on NetBenefits.com. This example is intended to demonstrate the potential differences in future taxable income for each type of workplace savings plan contribution. As with any tax strategy, you should consult a tax or financial advisor to discuss your specific situation.

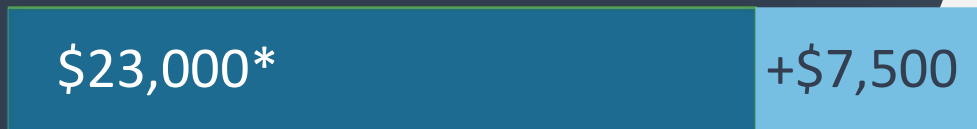
# Roth IRA vs. Roth in your Northrop Grumman Savings Plan

## 2024 IRS contribution limits

Roth IRA outside  
your plan



Roth in your plan



■ Age 49 and under ■ Age 50+

## Income limits



Income limit on  
contribution for  
single and joint filers



No income  
limit

\*This is the combined Roth and pretax workplace savings plan contribution limit for 2024.



## ROTH CONVERSION

### How Roth in-plan conversions work



#### Convert after-tax money

- Pay taxes on investment earnings generated before conversion
- Taxes not withheld
- Pay taxes outside the Plan

OR



#### Convert pre-tax money

- Pay taxes on contributions **plus** any investment earnings generated before conversion
- Taxes not withheld
- Pay taxes outside the Plan



### Plan carefully

No limit, no fee

Consider automatic daily conversions to give contributions less time to generate earnings

## ROTH CONVERSION



### Roth In-Plan Conversion Process

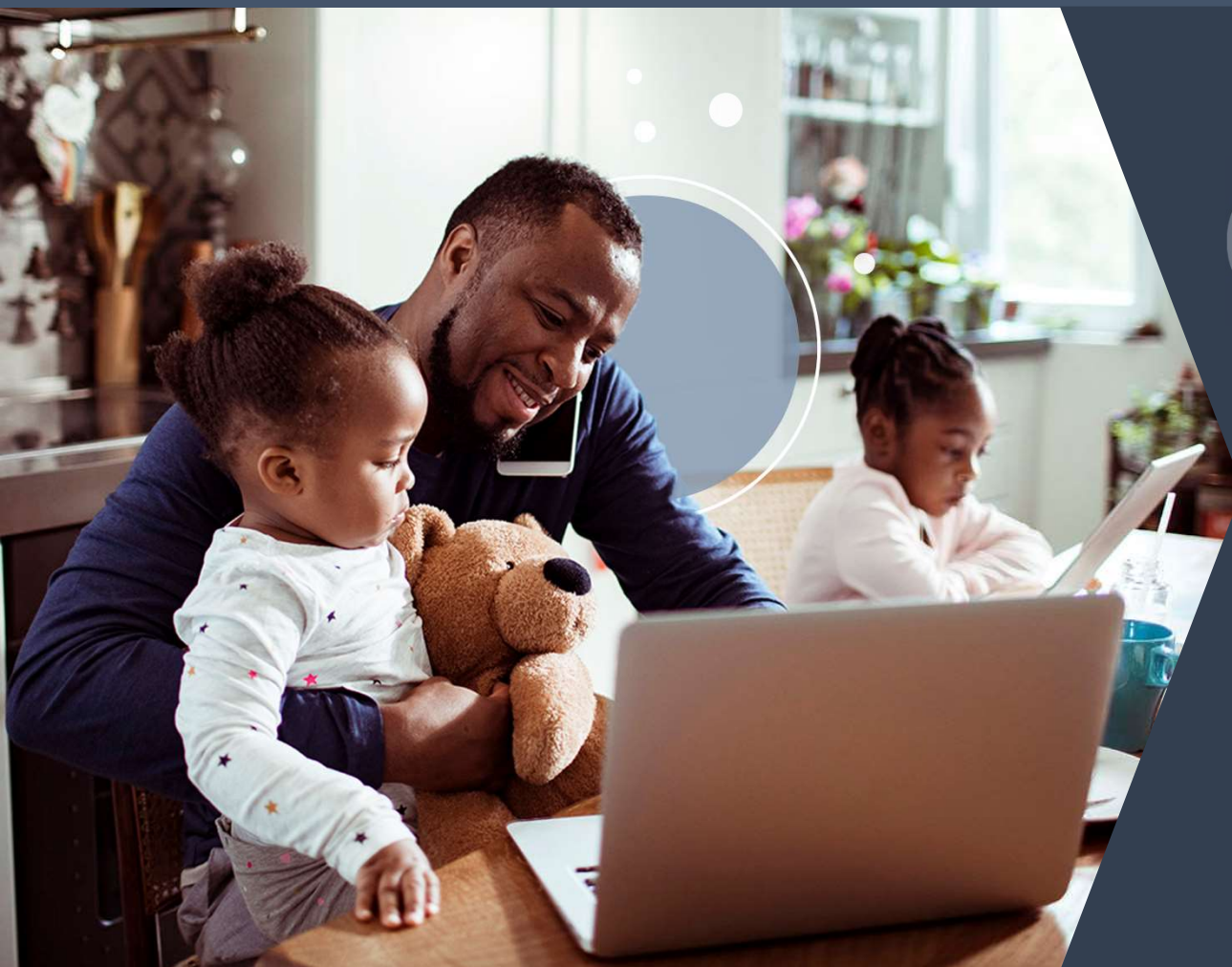


**Call the Northrop  
Grumman Benefits  
Center at  
800-894-4194**



**Consult a tax advisor**  
for more info on tax  
implications before  
requesting a conversion

If you're considering Roth contributions, ask yourself:



What is my tax bracket now, and what is it expected to be in retirement?

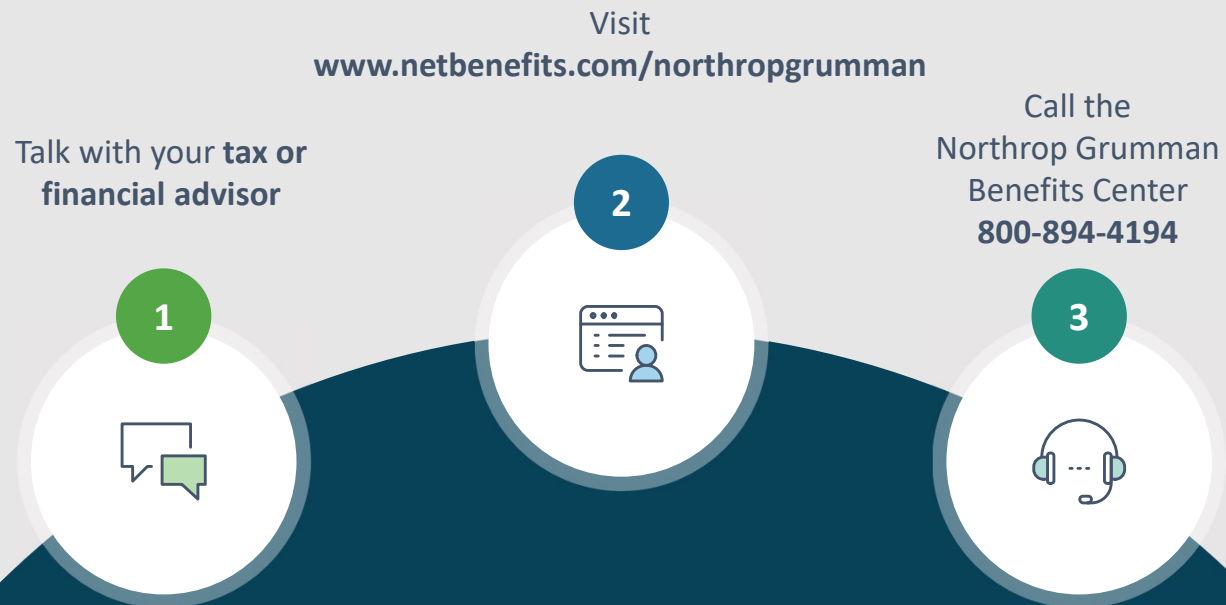


How long is my retirement horizon?



Am I eligible to contribute to a Roth IRA?

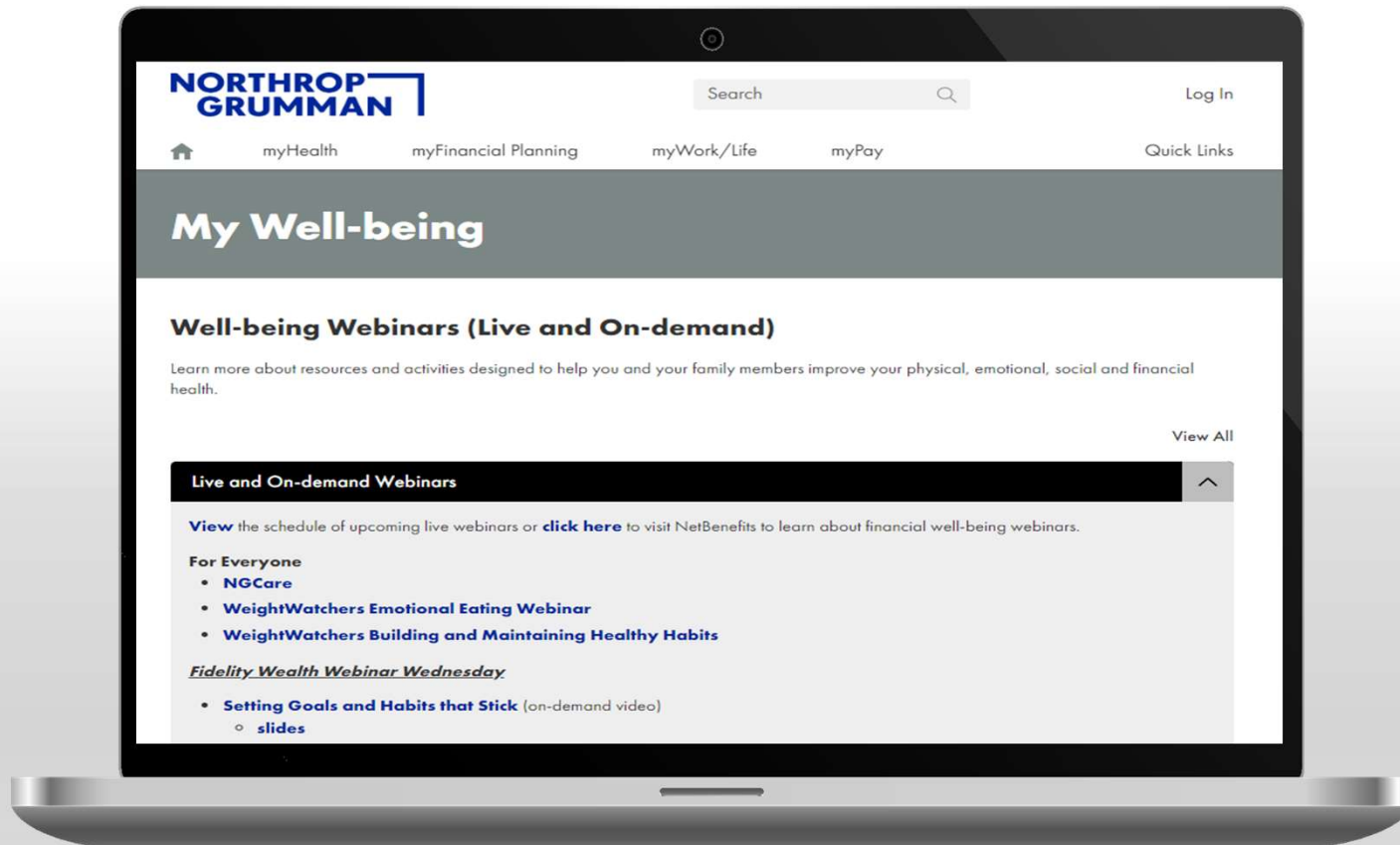
# How Fidelity can help



Get started on the path to better managing your money and working toward the future you want.



## RESOURCES



Screenshot is for illustrative purposes only.

## UPCOMING EVENTS



**February 23rd**

**Have Questions?**  
**Join the Ask Fidelity Session**  
**on Friday, February 23rd**



**March 20th**

### **Fundamentals of the Retirement Planning Income**

Learn the benefits of a retirement income plan  
Identify retirement income sources and expenses  
Explore different retirement income strategies



**April 17th**

### **Preserving your savings for future generations**

Understand what assets are potentially taxable and how they might be distributed<sup>1</sup>  
Learn the importance of a living will and health care proxy  
Review the basics of trusts, gifting, and possible insurance replacement strategies

## Total Rewards Resources To Help You Thrive



### New Benefit: Quantum Health Healthcare Navigation

A dedicated team of nurses, claims specialists and benefits experts are ready to provide you personalized support and guidance. All benefits-eligible U.S. employees – and enrolled spouses and domestic partners – have access to this service at no additional cost.

Create your Quantum Health account today at [myquantumforngc.com](https://myquantumforngc.com).

### Well-being Incentive Program

If you're enrolled in a Northrop Grumman medical plan, you can earn \$500! Requirements have been simplified for 2024. Track and manage your well-being incentive through your Quantum Health account.

### NGCare Mental Health Support

Confidential guidance and support for employees and family members 24/7 – up to 8 free counseling sessions per issue each year.

### Financial Education and Planning Resources

Did you know? Employees have access to several free financial resources, including a 1:1 financial consultation with Fidelity, legal and financial counseling through NGCare, monthly Fidelity webinars and retirement planning tools.

### Northrop Grumman Total Rewards

Helping you and your family stay healthy, live well and thrive



Learn about all these benefits and more on the Total Rewards Gateway

[totalrewards.northropgrumman.com](https://totalrewards.northropgrumman.com)

# Important information

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

## Investing involves risk, including risk of loss.

The PDF of today's presentation available for download should not be circulated any further and this content is current only for the next 30 days.

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