

NGSP Catch-up Contributions Examples

Starting in January 2026, a new rule under the SECURE 2.0 Act will change how certain employees can make catch-up contributions to their 401(k) plan. For those who earned \$150,000 or more in FICA-taxable compensation from Northrop Grumman (Form W-2 box 3 - FICA Wages) in 2025, catch-up contributions must be made on a Roth 401(k) basis. This document provides some examples of how this rule would work within (NGSP).

In the examples below, it is a good idea to monitor your year-to-date contributions by accessing the contributions box in the summary page of the Northrop Grumman Savings Plan in NetBenefits.

Remember that you can change your contribution election at any time. As a participant in the Savings Plan, you may contribute between 1% and 75% of your eligible compensation (35% for highly compensated employees) in 1% increments in a combination of three options. [Click here for the NGSP Employee Contribution Comparison Chart.](#)

Example 1 – Participant does not want catch-up contributions deposited as Roth 401(k) contributions and wants to maximize his employer match:

- In this example, the employee is age 50, earns \$160,000 annual salary and is paid bi-weekly.
- Any catch-up contributions must be made as Roth 401(k) because the amount in his Form W-2 Box 3 last year was more than \$150,000.
- He would like to contribute on a pre-tax basis without going over the standard pre-tax contribution limit (\$24,500 for 2026). This means that he is choosing not to make catch-up contributions.
- The employee set his pre-tax contribution rate at 15% resulting in steady contribution rates throughout the year without hitting the pre-tax limit.

Example 2 – Participant chooses to make catch-up contributions as Roth 401(k) contributions after reaching the standard pre-tax contribution limit:

- In this example, the employee is age 50, earns \$160,000 annual salary and is paid bi-weekly.
- Any catch-up contributions must be made as Roth 401(k) because the amount in his Form W-2 Box 3 last year was more than \$150,000.
- She would like to contribute on a pre-tax basis up to \$24,500 and switch to Roth 401(k) to continue making catch up contributions after reaching the standard pre-tax limit.
- The employee sets her pre-tax contribution rate at 21% to achieve this goal.
- She will be approaching the pre-tax limit late in the year.
- At that point, all of her contributions above the standard limit will be considered catch-up contributions and will be deposited as Roth 401(k) contributions automatically. No additional action is needed on her part.

Example 3 – Participant chooses to opt out of making age 50 catch up contributions as Roth 401(k) but elects to continue employee contributions as after-tax:

- In this example, the employee is age 50, earns \$160,000 annual salary and is paid bi-weekly.
- Any catch-up contributions must be made as Roth 401(k) because the amount in his Form W-2 Box 3 last year was more than \$150,000.
- He would like to contribute on a pre-tax basis and instead of contributing his catch-up contributions as Roth 401(k), he wants to contribute those contributions as after-tax (not Roth).
- The employee sets his contribution at 30%.
- He will be approaching the pre-tax limit towards the middle of the year.
- At that point, he switches his employee contributions from pre-tax to after-tax two weeks prior to reaching the standard pre-tax limit of \$24,500.