NGSP Catch-up Contributions
Frequently Asked Questions

The SECURE 2.0 Act rule changed how certain employees can make catch-up contributions to their 401(k) plan. For those who earned $155,000 or more in FICA-taxable compensation from Northrop Grumman (Form W-2 box 3 - FICA Wages) in 2026, catch-up contributions must be made on a Roth 401(k) basis. This FAQ explains what the required Roth contribution means for you, how it works and what steps you need to be able to maximize your contributions into the Northrop Grumman Savings Plan (NGSP).

Q1. What types of employee contributions can I make to the NGSP?

A1. As a reminder, there are three types of employee contributions in the NGSP (Pre-tax, Roth 401(k) and After-tax).

Here is a quick reference of employee contribution types in the NGSP

Contribution type	Where the money goes	Tax treatment today	Tax treatment when withdrawn
Pre-tax (traditional)	401(k) account	Reduces taxable wages now	Taxed as ordinary income
Roth 401(k)	401(k) account	No tax benefit now	Contribution and Earnings Withdrawals tax-free (if qualified)
After-tax (non-Roth)	401(k) account	No tax benefit now	Contribution Withdrawals tax-free Earnings Withdrawals taxed as ordinary income

Need more detail? Click here to open the detailed contribution-comparison chart

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Q2. What IRS required change was effective in the NGSP in 2026 under Secure 2.0 for catch-up contributions?

A2. *Starting in January 2026,* the IRS required that all 401(k) catch-up contributions (i.e. contributions that exceed the standard $25,500 limit in 2027) be made as Roth 401(k) contributions for participants whose 2026 compensation (Form W-2 box 3 - FICA Wages) exceeds $155,000.

If your 2026 W-2 box 3 wages from Northrop Grumman were **not** in excess of $155,000, you may continue to make catch-up contributions on a pre-tax basis (subject to plan rules).

Q3. What if I want my catch-up contributions to be Roth 401(k) contributions – what do I do?

A3. Nothing. All excess contributions above the $25,500 pre-tax standard limit will **automatically** be deposited as Roth 401(k) catch-up contributions. No additional changes to your contribution elections are needed.

Q4. Can I opt out of Roth 401(k) catch-up contributions?

A4. You have two ways to stop the automatic Roth 401(k) catch-up. Choose the option that best fits your employee contribution and company matching goals. See Q5 on how to monitor your year-to-date contribution.

Option	How to execute	Effect on company match
1. Reduce pre-tax contribution rate to **zero** when you approach the $25,500 limit	• Log in to **NetBenefits** → **Contribution tab**. • At least **2 weeks** before you expect to exceed the $25,500 limit, set **"Pre-tax"** to **0%** for the remainder of the year.	**Match stops** because you are no longer making employee contributions.

Option	How to execute	Effect on company match
2. Switch your pre-tax contribution rate to after-tax when you approach the $25,500 limit	• Log in to **NetBenefits** → **Contribution tab**. • At least **2 weeks** before you expect to exceed the $25,500 limit, change your contribution rate from **Pre-tax** to **After-tax** (non-Roth).	**Match continues** because you are still contributing employee money, just in the after-tax bucket.

Tip: After-tax contributions can be converted to Roth 401(k) contributions within the NGSP utilizing the Roth in-plan conversion feature or later be rolled into a Roth IRA, preserving the tax-free growth advantage.

Q5. How do I monitor my NGSP employee contributions during the year?

A5. You have two ways to monitor your year-to-date employee contributions to the NGSP.

1. **By reviewing your NG Paystub** – Look at the "YTD Employee Contributions" line under deductions on your NG paystub each pay period.
2. **By reviewing your employee contributions on NetBenefits**
   - Click here to go directly to your home page. You'll need to log in using your NetBenefits username and password.
   - Select the Northrop Grumman Savings Plan listed under Choose a Plan.
   - Review the "Year-to-Date Employee Contributions" in the contributions box of the summary page.

You may want to set a monthly reminder to check both sources so you can act before the $25,500 limit is reached.

Q6. Can I keep making NGSP catch-up contributions as pre-tax employee contributions?

A6. Only if your 2026 **Form W-2 Box 3 (FICA) compensation from Northrop Grumman is less than $155,000**.
If box 3 is **greater than $155,000**, the IRS mandates that all catch-up contributions be Roth 401(k) (or after-tax). In that case you must either:

- Accept the Roth 401(k) catch-up (default), **or**
- Follow one of the opt-out steps in Question 4.

Q7. Where can I find help with my NGSP employee contribution questions?

A7. Call the Northrop Grumman Benefits Center (NGBC) at 1-800-894-4194. Benefits Center service representatives are available to answer your questions Monday through Friday, 8:30 a.m. to midnight Eastern time, excluding holidays.