

## **Northrop Grumman CARES Act FAQs as of July 13, 2020**

The Coronavirus Aid, Relief and Economic Security (CARES) Act, recently signed into law, allows changes to retirement plan rules. We have implemented some of these changes to our 401(k) plans: the Northrop Grumman Savings Plan (NGSP) and the Northrop Grumman Financial Security & Savings Program (FSSP).

NGSP participants now have access to new CARES Act withdrawal and loan options, and both NGSP and FSSP participants are able to defer existing loan payments. In addition, the required minimum distribution rules and claims filing deadlines have been amended for the NGSP and FSSP.

The following FAQs highlight the changes.

### **Eligibility**

#### ***Who is eligible for a CARES Act withdrawal, loan or loan payment deferral?***

A participant must have been affected by COVID-19, meaning that the individual participant, or his or her spouse or dependent, must have been diagnosed with COVID-19, or the individual, his or her spouse or a member of the individual's household must have suffered adverse financial consequences due to COVID-19 (e.g., furlough, reduction in hours, unable to work due to childcare, loss of business, reduction in pay, having a job offer rescinded or start date for a job delayed, etc.).

NGSP participants have access to the CARES Act withdrawal and loan options, and both NGSP and FSSP participants are able to defer existing loan payments.

#### ***How do participants verify whether they qualify for a CARES Act withdrawal, loan or loan payment deferral?***

Self-certification is required.

### **Withdrawals**

#### ***Are plan participants impacted by COVID-19 able to access their funds?***

Impacted NGSP participants may withdraw, penalty free, up to \$100,000 before Dec. 31, 2020 (not to exceed the vested account balance). Income tax will still be owed, but the federal tax impact could be spread over a three-year period (state and local tax results could vary). The participant will have three years to repay some or all of the withdrawal back into their NGSP account (or other eligible retirement plan) if they choose to do so. This CARES Act withdrawal option is available by calling the Northrop Grumman Benefits Center (NGBC) at 800-894-4194. Some participants may also be able to request a CARES Act withdrawal through [Fidelity NetBenefits®](#)

When deciding whether to request this CARES Act withdrawal, you may want to consider other resources available to you, the potential impact on your plan account of liquidating investments in the current market environment, and the possible impact of such a distribution on your future

retirement readiness. You should also be aware that the amount of distributions that you receive from all of your eligible retirement plans (including IRAs) that can be treated as coronavirus-related distributions for tax purposes can be no more than \$100,000 in the aggregate. Please consult your tax advisor.

## **Special Loan Rules**

### ***Have participant loan limits been adjusted?***

Yes. A new CARES Act loan option is available for NGSP participants affected by COVID-19 and the maximum participant loan limit will be increased for these participants. The maximum number of loans a participant may have at any one time in the NGSP remains unchanged at two. Participants impacted by COVID-19 will be able to take loans up to \$100,000, or 100% of the vested balance if less than \$100,000 (current limit is the lesser of \$50,000 or 50%), and repayment deadlines will be extended. All of the participant's outstanding loans would be aggregated for purposes of applying this new limit. This CARES Act loan option is available until Sept. 22, 2020 (180 days from the enactment of the CARES Act). Impacted participants may model loan terms through [NetBenefits®](#); however they must call the NGBC at 800-894-4194 to request a CARES Act loan.

### ***If I take a CARES Act loan, when will my payments begin?***

Loan payments for CARES Act loans will not begin until January 2021. Interest will accrue until loan payments begin, at which point the loan repayment amount will be re-amortized to reflect the outstanding principal balance of the loan, the loan interest rate, and the accrued interest between the loan disbursement and the first scheduled loan repayment in January 2021.

### ***What about outstanding loans?***

NGSP and FSSP participants impacted by COVID-19 may be eligible to defer current loan payments. Participants may apply for the deferral through [NetBenefits](#) or by calling the NGBC at 800-894-4194. Loan payments through Dec. 31, 2020 are eligible for deferral with payments beginning again in January 2021 (the "Deferment Period"). Interest would accrue during the Deferment Period. In January 2021, the loan will be re-amortized and the new payment amount will reflect the outstanding principal balance of the loan, the loan interest rate and interest accrued during the Deferment Period. Note that the deferral will apply to all active outstanding loans in a plan, and if the participant elects to defer, the decision is irrevocable. More information, including an example of how a deferral affects loan payments, is available on [NetBenefits](#).

## **Required Minimum Distributions**

### ***What changes have been made to the required minimum distribution rules?***

Generally, if you were born on or before June 30, 1949, you were required to take a required minimum distribution (RMD) in 2020, unless you were still employed at the end of 2019. RMDs are not eligible for rollover treatment. However, the CARES Act provides that if you received an RMD in 2020, then you are permitted to roll it over to another eligible retirement plan, or to an

IRA. (Please note that the NGSP does not accept rollover amounts from terminated participants.) Further, no additional automatic RMDs will be paid in 2020 from the NGSP or FSSP. Please call the NGBC at 800-894-4194 for more information.

## **Claims Deadlines**

### ***Have claims filing deadlines changed due to COVID-19?***

Yes, deadlines within which a NGSP and FSSP participant can file a claim for benefits or appeal an adverse benefit determination have been extended pursuant to federal regulatory guidance that was issued in response to the COVID-19 national emergency. When determining the deadline by which claims or appeals must be submitted, the outbreak period (March 1, 2020 to 60 days following the end of the COVID-19 national emergency) will be disregarded. Please call the NGBC at 800-894-4194 for more information.

## **If You Have Questions**

### ***Where can I get more information?***

Please contact the Northrop Grumman Benefits Center (NGBC) at 800-894-4194. Benefits Center service representatives are available to answer your questions Monday through Friday, 8:30 a.m. to 8:30 p.m. Eastern time, excluding holidays. If you are calling from outside the U.S., dial the AT&T out-of-country access number followed by 800-894-4194. TTY service is available at 888-343-0860.

*This FAQ document is intended to provide summary information only and does not describe all aspects of the CARES Act or plan provisions. It serves as a supplement to the summary plan description. In the event of a discrepancy between this material and the plan documents, the applicable plan documents govern.*