



Benefits & You

Your Life • Your Health • Your Well-being

FSA's, HRAs and HSAs

Save money with these
health care accounts

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*Please keep in mind that touch devices are not
ideal for viewing documents of this type.*

NORTHROP GRUMMAN

HRA. HSA. FSA. The acronyms may sound complicated, but these health care accounts are important tools that let you use pre-tax dollars to help defray your health care costs.

Which account you can use depends on which medical plan you elect. Each one has its own unique features and advantages. One account, the HSA, even lets you build savings that you can take with you when you leave the Company or retire.

This guide helps you master them all.

Click above to start comparing and learning more about these accounts.

HRA = Health Reimbursement Account

HSA = Health Savings Account

FSA = Flexible Spending Account

HRA, HSA and FSA: Compare These Accounts

	HRA	HSA	General Purpose Health Care FSA	Limited Purpose Health Care FSA ¹
Who's eligible	Premium Plan and Premium Plus Plan participants	Value Plan participants ²	All benefits-eligible employees except those who have an HSA	All benefits-eligible employees
Northrop Grumman contributes	Yes	Yes	No	No
You can contribute (pre-tax!)	No	Yes	Yes	Yes
You can change your contributions at any time	Not applicable	Yes	No	No
You can use money for eligible health care expenses (pre-tax!)³				
▪ Medical and Prescriptions	Yes	Yes	Yes	No
▪ Dental	No	Yes	Yes	Yes
▪ Vision	No	Yes	Yes	Yes
You can use money for other expenses	No	Yes (a tax penalty will apply)	No	No
You can use a convenient debit card	No ⁴	Yes	Yes	Yes
Your funds can grow through interest and investment returns (pre-tax!)	No	Yes	No	No
You can roll over unused funds year to year	Yes	Yes	Yes ¹ (up to \$500)	Yes ¹ (up to \$500)
You can take your account with you if you leave Northrop Grumman (portability)	No ⁵	Yes	No ⁵	No ⁵

1. If you enroll in the Value Plan, and you want to have an HSA and an FSA, [see more](#) about what you need to do.

2. Due to the valuable tax benefits, the IRS has strict rules about who can open an HSA. [See more](#).

3. Eligible health care expenses include your deductible, copays, coinsurance and other out-of-pocket costs. For a complete list, visit <https://mybenefits.conexis.com>.

4. Eligible expenses are automatically deducted from your HRA.

5. Continuation coverage may be available under COBRA (Consolidated Omnibus Budget Reconciliation Act of 1985). COBRA provides you with the opportunity to purchase extended coverage in certain cases where you might otherwise lose it (e.g., if you lose your job, quit your job or reduce your work hours).

More About HRAs (Premium and Premium Plus Plans only)

What is an HRA

An HRA, or Health Reimbursement Account, is an automatic feature in the Premium Plan and Premium Plus Plan.

How to Set Up Your HRA

When you elect the Premium Plus Plan or the Premium Plan, your HRA is automatically included.

HRA Contribution Amounts

Northrop Grumman credits \$300–\$1,400 to your HRA, depending on the plan and coverage level you elect (see below). This year, to receive your full Northrop Grumman HRA credit, you'll need to complete a health risk questionnaire and get an annual physical between July 1, 2015 and June 30, 2016.

Your Choice	Premium Plus Plan	Premium Plan
<i>When you choose to complete the health risk questionnaire and get an annual physical during the 2015–2016 benefit plan year:</i>	<p>You receive Northrop Grumman's full HRA credit, 50% at the beginning of the plan year and 50% after you complete your health risk questionnaire and get a physical:</p> <ul style="list-style-type: none"> Employee Only: \$700 Employee + Spouse: \$1,000 Employee + Child(ren): \$1,000 Employee + Family: \$1,400 	<p>You receive Northrop Grumman's full HRA credit, 50% at the beginning of the plan year and 50% after you complete your health risk questionnaire and get a physical:</p> <ul style="list-style-type: none"> Employee Only: \$300 Employee + Spouse: \$450 Employee + Child(ren): \$450 Employee + Family: \$600
<i>If you choose not to complete the health risk questionnaire and/or get an annual physical during the 2015–2016 benefit plan year:</i>	<p>You receive 50% of the HRA credit at the beginning of the plan year:</p> <ul style="list-style-type: none"> Employee Only: \$350 Employee + Spouse: \$500 Employee + Child(ren): \$500 Employee + Family: \$700 	<p>You receive 50% of the HRA credit at the beginning of the plan year:</p> <ul style="list-style-type: none"> Employee Only: \$150 Employee + Spouse: \$225 Employee + Child(ren): \$225 Employee + Family: \$300

Although you cannot contribute to an HRA, you can contribute pre-tax money to a General Purpose Health Care FSA. [Learn more.](#)

When HRA Credits Will Be Available

50% of the Company credit will be available at the start of the plan year, July 1, 2015. The other 50% will be available after you complete the [wellness requirements](#).

Using Your HRA Account

Your HRA under the Premium Plan or Premium Plus Plan may only be used for eligible medical and prescription drugs expenses; unused HRA balances cannot be paid out to you for any other purpose, even if you leave Northrop Grumman.

Eligible medical expenses will be automatically reimbursed at 100% from your HRA (subject to account balance) when you receive care, except for prescription drugs. Because prescription drugs will not be subject to the deductible in the Premium Plan and the Premium Plus Plan, prescription expenses will not automatically be reimbursed from your HRA account. However, you may submit a paper claim to Anthem to have your share of the cost paid from your HRA.

More About HSAs (Value Plan only)

What is an HSA

An HSA, or Health Savings Account, is an optional account for eligible employees who enroll in the Value Plan. You can contribute to your HSA through pre-tax payroll contributions. Beginning this year, Northrop Grumman may contribute to your HSA. Because you own the HSA, whatever you don't use, you keep... even after you retire from Northrop Grumman. You can use that money to pay for future health care expenses, pre-tax — including your out-of-pocket costs for medical, dental, vision and prescription drug expenses. The HSA is like a 401(k) plan, but for your future medical needs!

How to Set Up Your HSA

If you enroll in the Value Plan, you can set up an HSA if you meet the IRS eligibility requirements. [See more.](#)

Northrop Grumman does not set up your HSA for you. After enrolling in the Value Plan, you'll need to set up your HSA. To receive Northrop Grumman's HSA contributions, set up your account with CONEXIS, our HSA partner, at <https://mybenefits.conexis.com>. [See more.](#)

If you already have your HSA with CONEXIS from last year, you're all set!

You also have the option to set up your HSA with another financial institution. If you do that, you'll miss out on Northrop Grumman's contributions, and you won't be able to make your own contributions through pre-tax payroll deductions.

If you currently have a General Purpose Health Care FSA and want to set up an HSA for 2015–2016, there are some important rules you need to know. [See more.](#)

A Valuable Savings Vehicle

- **Short-term:** The HSA helps you plan ahead and set aside money each paycheck to cover deductibles and other out-of-pocket health care expenses during the year.
- **Long-term:** Your HSA is always yours to keep, including Northrop Grumman's contributions. Your unused HSA funds roll over year after year, and the account belongs to you — you can take it with you if you change plans or leave the Company.

A Powerful Tax-Advantaged Tool

If you contribute money to an HSA, you get three valuable tax advantages:

1. You don't pay federal taxes on your payroll deductions to your HSA.
2. You don't pay taxes when you use your HSA funds for eligible health care expenses.
3. You don't pay taxes on your HSA investment earnings.*

* You can invest your account balance once you reach a minimum balance of \$1,000. As with all investments, there may be investment fees depending on your investment decisions. Ask CONEXIS about these or other fees if you decide to invest your account balance.

HSA Contribution Amounts

Northrop Grumman contributes up to \$200 to your HSA, if you open your account with CONEXIS. This year, to receive your full Northrop Grumman HSA contribution, you'll need to complete a health risk questionnaire and get your annual physical between July 1, 2015 and June 30, 2016.

You can contribute pre-tax money to your HSA too. You can start, stop or change your HSA contributions at any time.

If you contribute to an HSA, you can also contribute pre-tax money to a Limited Purpose Health Care FSA. [Learn more.](#)

Your Choice	Northrop Grumman HSA Contributions	Your HSA Contribution Limits
<i>When you choose to complete the health risk questionnaire and get an annual physical during the 2015-2016 benefit plan year:</i>	Northrop Grumman contributes \$200 to your HSA. ¹ 50% of the employer contribution will be made to your HSA as soon as administratively possible; and 50% will be made to your HSA after you complete your health risk questionnaire and get an annual physical.	You can also contribute to your HSA, as long as the combined contributions (yours and the Company's) do not exceed these IRS calendar-year limits for 2015: ² <ul style="list-style-type: none">Employee Only: \$3,350Employee + Spouse: \$6,650Employee + Child(ren): \$6,650Employee + Family: \$6,650
<i>If you choose not to complete the health risk questionnaire and/or get an annual physical during the 2015-2016 benefit plan year:</i>	Northrop Grumman contributes \$100 to your HSA as soon as administratively possible. ¹	If you are age 55 or older, you may contribute an additional \$1,000 per calendar year.

1. To receive Northrop Grumman contributions, you must open your account with our HSA partner, CONEXIS. If you have an HSA through another vendor, Northrop Grumman cannot provide an employer contribution. You must be eligible for an HSA. This contribution counts toward the IRS calendar-year limits.
2. Our benefit plan year runs from July 1 to June 30, and HSA contribution limits are based on the calendar year. You are responsible for making sure you don't exceed the annual IRS limit for any calendar year.

When Funds Will Be Available

50% of Northrop Grumman's contribution will be available around the start of the plan year, July 1, 2015 (or when you set up your HSA, as long as you set up your HSA by June 30, 2016). The other 50% will be available after you complete the [wellness requirements](#).

Your own contributions are available as soon as they're in your account.

Using Your HSA Funds

When you enroll in the Value Plan and establish an HSA with CONEXIS, you'll receive an HSA debit card in the mail from CONEXIS. When you incur an eligible expense, you can use your debit card, or you can pay the expense out-of-pocket and reimburse yourself from your HSA at a later time.

To Learn More About HSAs

Learn more about HSAs and see a list of eligible health care expenses at <https://mybenefits.conexis.com>.

[Health Care
FSAs](#)[Dependent
Day Care FSA](#)

More About FSAs (Available for all plans)

Northrop Grumman offers different types of flexible spending accounts (FSAs) — Health Care FSAs for eligible health care expenses and a dependent day care FSA for eligible dependent day care expenses. Click below for details.

[Health Care FSAs](#)[Dependent Day Care FSA](#)

Health Care
FSAsDependent
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Health Care FSAs

What is a Health Care FSA?

There are two different types of Health Care FSAs available, depending on your HSA election.

How to Set Up Your FSA

When you elect to contribute to an FSA, your account will be set up for you automatically through CONEXIS.

Annual FSA Contribution Amount

You can contribute up to \$2,550 pre-tax to a General Purpose Health Care FSA or Limited Purpose Health Care FSA. You may roll over up to \$500 in unused Health Care FSA funds to be used in future years. Under IRS rules, unused Health Care FSA balances over \$500 must be forfeited.

After Annual Enrollment, you cannot change your FSA contribution amount unless you have a “qualified life event” such as marriage, divorce, birth or adoption.

When FSA Funds Will Be Available

The annual amount you elect to contribute to your General Purpose Health Care FSA or Limited Purpose Health Care FSA will be available to you on the first day of the benefit plan year.

Using Your FSA Funds

You'll receive an FSA debit card in the mail from CONEXIS. You also have the option to pay for expenses out-of-pocket and reimburse yourself from your FSA at a later time.

All claims for the 2014–2015 plan year must be incurred between July 1, 2014 and June 30, 2015 — there is no longer a grace period after the end of the plan year to incur expenses. FSA claims for the 2014–2015 plan year must be submitted to CONEXIS no later than October 31, 2015 to be considered for reimbursement.

To Learn More About FSAs

To learn more about FSAs and see a list of eligible health care expenses go to <https://mybenefits.conexis.com>.

Limited Purpose Health Care FSA

IRS rules don't allow you to contribute to both an HSA and a General Purpose Health Care FSA. So Northrop Grumman offers HSA participants a *Limited Purpose* Health Care FSA. The Limited Purpose Health Care FSA has all the same features as the General Purpose Health Care FSA, but it may be used for dental and vision expenses only. [See more](#) about having an HSA and an FSA.

Health Care
FSAsDependent
Day Care FSA

Dependent Day Care FSA

What is a Dependent Day Care FSA?

The dependent day care FSA lets you set aside pre-tax dollars from your paycheck to pay for eligible dependent day care expenses. Eligible expenses include your costs for day care, preschool, after-school care for a dependent child under age 13 or for a tax dependent who is physically or mentally incapable of self-care.

How to Set Up Your FSA

When you elect to contribute to a dependent day care FSA, your account will be set up for you automatically through CONEXIS.

Annual Dependent Day Care FSA Contribution Amount

The annual contribution limit is \$5,000 (or \$4,000 if you earn \$115,000 or more). In the dependent day care FSA, the IRS requires that all unused funds be forfeited at the end of the year. There is no rollover feature.

After Annual Enrollment, you cannot change your FSA contribution amount unless you have a "qualified life event" such as the birth of a child or a change in the cost of child care.

When FSA Funds Will Be Available

Your contributions are available for reimbursement as soon as they're in your account.

Using Your FSA Funds

When you have eligible dependent day care expenses, you pay for the expenses out-of-pocket and reimburse yourself from your FSA at a later time.

All claims for the 2014–2015 plan year must be incurred between July 1, 2014 and June 30, 2015. FSA claims for the 2014–2015 plan year must be submitted to CONEXIS no later than **October 31, 2015** to be considered for reimbursement.

To Learn More About FSAs

To learn more about FSAs and see a list of eligible health care expenses go to <https://mybenefits.conexis.com>.

Additional Tools to Help You Make Your Decisions

In addition to this guide, Northrop Grumman provides many helpful tools and resources to help you make your benefits decisions. Click below to take advantage of them now.



Medical Expense Estimator Tool, available when you log in to [My Benefits Access](#) during Annual Enrollment



Annual Enrollment Guide with what's new for 2015-2016



A Decision Guide to help you choose the right medical, dental and/or vision plans



Plan Details charts to help you compare plan options, including Summaries of Benefits and Coverage (SBCs)



Frequently Asked Questions (FAQs)



A schedule of information sessions



Health plan costs for 2015-2016

Questions?

If you have questions about enrolling or would like to enroll over the phone, call the Northrop Grumman Benefits Center at **1-800-894-4194** (overseas at 1-718-354-1338) from 9:00 a.m. to 6:00 p.m. EST, Monday-Friday (excluding holidays). You'll need your [My Benefits Access](#) password to secure your call.