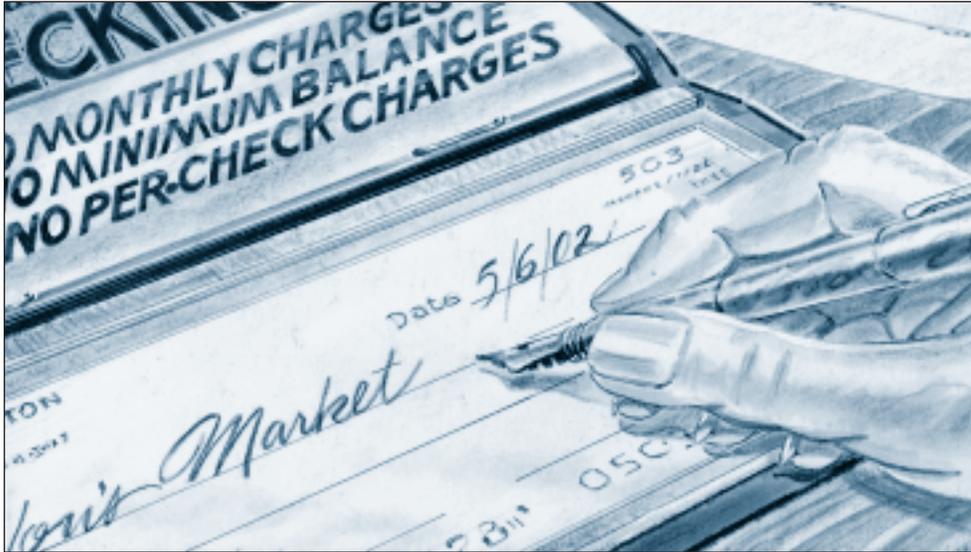




A Publication for members of Northrop Grumman Federal Credit Union



Free Checking Right Here!

Big BANKS are charging big FEES to their customers that amount to an average of \$266 per checking account customer in the U.S. Compare that with a national average of \$101 at credit unions. This is according to a report published in November 2001 by the California Public Interest Research Group (CALPIRG) and Consumer Federation of America based on data collected from 521 banks and 144 credit unions in 32 states and the District of Columbia.

"Big banks lead the way in nickel-and-diming consumers with new fees for this and higher fees for that," said Jennette Gayer, consumer advocate for CALPIRG. "Banks increase fees, they invent new fees, and they make it harder to avoid fees. In the end, consumers pay more and more."

Not so at Northrop Grumman FCU.

Here, the annual cost to members for a share draft (checking) account is very close to zero dollars, because it's easy to avoid most of the fees.

Your Credit Union is Easiest, Surest Route to Free Checking

With **no** per-check charges, **no** monthly charges and **no** minimum balance requirements, your checking account at the Credit Union is a great value and a great way to keep more of your money! Start one today by calling 800-633-2848 (Monday – Friday, 7 a.m. – 6 p.m. Pacific). ★

"Six Months" Makes Sense

Are You Saving Enough?

Your savings add up to peace of mind. That's where insured savings at Northrop Grumman FCU come in.

Investing in stocks, bonds, mutual funds and other similar instruments is attractive and should help you build long-term prosperity. But these savings options can and do fluctuate in value. If a need arises that requires cash when investment values are at a low ebb—you might be reluctant to cash out your stocks or bonds.

Savings Can Give You Confidence

At least six months worth of living expenses in cash savings plus extra savings for special short-term goals, like a vacation or the holidays, really makes sense. Then you know your money will be there at full cash value plus dividends anytime you need it!

There is no better time than now to start building your savings account with a weekly deposit. It may help you face an unexpected expense with complete confidence or achieve a dream. Even a few dollars deposited at regular intervals can make a big difference. An automatic transfer is all it takes. To get started, call a Member Service Representative at 800-633-2848 (Monday – Friday, 7 a.m. – 6 p.m. Pacific). ★

Section 529 Plans for College Savings

You may have heard of prepaid tuition plans offered by many universities. These plans make it possible to pay for future college attendance at today's college tuition rates. Like these plans, Section 529 of the Internal Revenue Code provides incentives to save for a beneficiary's future higher education expenses. Unlike university prepaid tuition programs, 529 plans allow money to be invested and grow!

The 529 tax advantage got better with



the tax law changes in 2001, which allow earnings to be withdrawn tax-free beginning in January 2002, provided the money is used for qualified education expenses.

Another feature of a Section 529 plan is that the contributor, never the beneficiary, retains control of the money, permitting the contributor to withdraw funds (with tax liability and penalty) for unqualified purposes or even to change the beneficiary. In a typical minor's trust, the custodian loses all control when the beneficiary reaches the age of majority.

You may enjoy other tax benefits with this type of investment. Usually, a gift to a minor's trust must be less than \$10,000 per year, per beneficiary to avoid the gift tax. In a Section 529 plan, the contributor may be able to contribute much more without the

burden of a gift tax. Since a contribution to a 529 is treated as a completed gift and is immediately excluded from the contributor's estate—even though the contributor maintains complete control over the funds—it results in a potential estate tax savings.

For more information about Section 529 education investments, call Linsco/Private Ledger (LPL) west of the Mississippi at 800-200-1121 or east of the Mississippi at 800-552-2361.★

**Mutual funds, annuities and other investments available through Linsco/Private Ledger are not deposits in Northrop Grumman FCU, are not insured by the NCUSIF, nor are they obligations of, or guaranteed by Northrop Grumman FCU. Such investments may fluctuate in value and are subject to investment risks, including loss of some or all of the principal.*

Limited Open Enrollment Period For Long Term Care Insurance

Our subsidiary, Flight Plan Financial Services, Inc., is once again offering Group Long Term Care Insurance for which you, your spouse, and members of your family are eligible to apply during the open enrollment period from June 1 – July 31, 2002. Coverage is underwritten by Continental Casualty Company, a CNA member company, which has an excellent reputation and extensive experience with underwriting long term care insurance.

It is to your distinct advantage to consider the purchase of this insurance coverage during this limited enrollment period. During this enrollment period all full-time actively-at-work Northrop Grumman employees through age 69 may enroll on a **Guaranteed Issue** basis without answering any health questions. Northrop Grumman employees age 70 or more, Northrop Grumman part-time

employees, and spouses of any of the above categories may apply based on simplified underwriting and acceptance will be based on current health. All other applicants may apply for coverage on a regular underwritten basis.

**More Than 50% of
Americans Will
Need Some Form
Of Long-Term
Care**

According to the Health Insurance Association of America, more than 50% of all Americans at some point in their lives will need some form of long-term care, either home care or institutional

care. The average cost of this care is currently about \$60,000 per year and will rise in the years ahead. Medicare and medical insurance does not pay for long-term care treatment.

Individuals who cannot or would prefer not to pay these potential costs themselves out of their retirement "nest eggs" may find long term care insurance the perfect solution. The premium cost of long term care insurance is based on the options selected and your age when you apply for coverage. Once you're enrolled, your premiums will not increase just because you get older and the coverage cannot be canceled except for non-payment of premiums.

To obtain an enrollment kit or for additional information, please contact the Plan Administrator toll-free at 1-888-287-8810.★

Important Telephone Numbers

Credit Union.....310.808.4000
 Outside 213 or 310.....800.633.2848
 Eastern Region800.624.7075
 CALL 24 TouchTone Transactions
310.327.0682
 Outside 213 or 310800.676.3328
 To report a lost or stolen:
 MasterCard800.453.4270
 Visa ATM Check Card....800.554.8969
 To Find:
 COOP ATMs888.SITECOOP
 CU Service Centers.....888.287.9475

Problems? Inquiries?

The Supervisory Committee has the responsibility to continually review the operation of the Credit Union to ensure that it is operating in the best interest of its members. Any questions, suggestions or inquiries should be directed to:

Chairman, Supervisory Committee
 Northrop Grumman
 Federal Credit Union
 Box Number 3382
 Gardena, CA 90247-7082

Visit us at:

www.norgrumfcu.org



Each member account federally insured to \$100,000 by the National Credit Union Administration, a U.S. Government Agency

Tax-Free Savings With Roth



Tax deferral is nice, but not paying federal tax is even better. Tax freedom is the promise of a Roth IRA. The contribution to a Roth is not tax deductible in the year you make it, but after age 59 1/2 the principal and earnings in your account may be withdrawn free of federal tax.

In the past, tax deferral on retirement earnings was more attractive. It was expected that lower retirement earnings would reduce tax liability during retirement. But many retirees today find themselves in the same tax bracket before and after retirement. Strapped with federal tax liability on most forms of retirement income, retirees now have only one escape—the Roth IRA.

Now is a great time to take advantage of the many benefits of a Roth IRA. Most taxpayers can contribute up to \$3,000 in 2002 and up to \$500 more if you'll be at least 50 years old on Dec. 31, 2002. A Credit Union IRA Accumulation Account can help you put aside a little every week.

Call 800-633-2848 (Monday – Friday, 7 a.m. – 6 p.m. Pacific) for information or to get an enrollment package.

Only individuals with earned income may contribute to a Roth IRA and eligibility to contribute phases out at annual income levels above \$95,000. Please ask your tax advisor for full details. ★

To: Northrop Grumman Federal Credit Union Attn: Service Group

YES. I want to know more about these products/services:

- | | | |
|---|--|---|
| <input type="checkbox"/> B-2 Image/Gold MasterCard | <input type="checkbox"/> Visa ATM/Check Card | <input type="checkbox"/> Holiday Savings Account |
| <input type="checkbox"/> Mortgage/First Trust Deed Loan | <input type="checkbox"/> Direct Deposit of Social Security Payment | <input type="checkbox"/> Auto Loan |
| <input type="checkbox"/> Home Equity Line of Credit | <input type="checkbox"/> Direct Deposit of Retirement Disbursement | <input type="checkbox"/> Net Paycheck Deposit |
| <input type="checkbox"/> MoneyMaster Line of Credit | <input type="checkbox"/> CALL 24 Touchtone Transactions | <input type="checkbox"/> PALS (Precision Auto Locator System) |
| <input type="checkbox"/> Share Draft (checking) | <input type="checkbox"/> Term Savings Account | <input type="checkbox"/> Family Membership Kit |

To: Flight Plan Financial Services, Inc., a wholly-owned subsidiary of Northrop Grumman Federal Credit Union

YES. I am interested in learning more about securing my own financial future. Please send me information on the following:

- | | | | |
|---|--|--|---|
| <input type="checkbox"/> Life Insurance | <input type="checkbox"/> Retirement Planning* | <input type="checkbox"/> Mutual Funds* | <input type="checkbox"/> IRA Rollovers* |
| <input type="checkbox"/> Property/Auto Insurance | <input type="checkbox"/> College Funding* | <input type="checkbox"/> Reducing Taxes* | <input type="checkbox"/> 401(k) Plan* |
| <input type="checkbox"/> Dental Plan | | | |
| <input type="checkbox"/> Long Term Care Insurance | * Securities are offered through LINSICO/PRIVATE LEDGER, Member NASD/SIPC | | |
| <input type="checkbox"/> Medicare Supplement | Not NCUA insured; no Credit Union guarantee; may involve loss of principal | | |

Your Name _____
 Address _____

Please send this section to:
 Box 5011, Hawthorne, CA 90251-5011

Buy the walls...

and make them a home.

Two great home loan programs!

Ask a Member Service Representative
for all the details.

800.633.2848
(Monday-Friday, 7am-8pm Pacific)



Box Number 5011
Hawthorne, CA 90251-5011

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PAID
SUN VALLEY, CA
PERMIT NO. 8

Take Control of SPRING Auto Shopping FEVER With an Auto Loan Pre-Approval

Looking at the damage winter has done to your current vehicle, you start dreaming about a shiny new car you'd be proud to be seen in. You're coming down with Spring Auto Shopping Fever! There's no vaccine and no real cure. There is an easy solution to getting the car you want – an NGFCU pre-approved auto loan.

With a pre-approval, you'll know how much you can spend and what your payments will be. At the dealer, you'll have everything you need to get the best deal possible.

With loan rates starting as low as 5% APR* and up to 6 years to repay, you'll have all you need to take the edge off a dealer's fevered pitch to get you to borrow on unfavorable terms.

It's easy to get started. Just call 800-633-2848. Our loan officers are available 24 hours a day, seven days a week.



You'll answer some questions and be asked to provide proof of income. In most cases, you'll have your auto loan pre-approval in one day. Then you can relax and use springtime to shop. Ahhh, a new car! ★

** Annual Percentage Rate is subject to change without notice.*

When Zero Isn't Real

Don't believe the hype about 0% auto loans! Kiplinger's magazine reported that the **average** U.S. rate for an auto loan in February 2002 was 8.5%.