



COMPLIANCE BULLETIN

HIGHLIGHTS

- The IRS announced cost-of-living adjustments to the annual dollar limits for employee benefit plans.
- Many of these limits will increase for 2020.
- In 2020, employees may contribute more money to their HSAs, health FSAs and 401(k) accounts.

RESOURCES

- [IRS Revenue Procedure 2019-25](#) (HSA/HDHP limits for 2020)
- [IRS Revenue Procedure 2019-44](#) (health FSA, adoption assistance and transportation plan limits for 2020)
- [IRS Notice 2019-59](#) (retirement plan limits for 2020)

Provided By:
Towne Benefits

IRS Announces Employee Benefit Plan Limits for 2020

OVERVIEW

Many employee benefits are subject to annual dollar limits that are periodically increased for inflation. The Internal Revenue Service (IRS) recently announced cost-of-living adjustments to the annual dollar limits for various welfare and retirement plan limits for 2020. Although some of the limits will remain the same, most of the limits will increase for 2020.

The annual limits for the following commonly offered employee benefits will increase for 2020:

- ✓ High deductible health plans (HDHPs) and health savings accounts (HSAs);
- ✓ Health flexible spending accounts (FSAs);
- ✓ Transportation fringe benefit plans; and
- ✓ 401(k) plans.

ACTION STEPS

Employers should update their benefit plan designs for the new limits and make sure that their plan administration will be consistent with the new limits in 2020. Employers may also want to communicate the new benefit plan limits to employees.

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HSA and HDHP Limits

HSA Contribution Limit			
Limit	2019	2020	Change
Self-only HDHP coverage	\$3,500	\$3,550	Up \$50
Family HDHP coverage	\$7,000	\$7,100	Up \$100
Catch-up contributions*	\$1,000	\$1,000	No change

*Not adjusted for inflation

HDHP Limits				
Limit	2019	2020	Change	
Minimum deductible	Self-only coverage	\$1,350	\$1,400	Up \$50
	Family coverage	\$2,700	\$2,800	Up \$100
Maximum out-of-pocket	Self-only coverage	\$6,750	\$6,900	Up \$150
	Family coverage	\$13,500	\$13,800	Up \$300

FSA Benefits

FSA Limits			
Limit	2019	2020	Change
Health FSA (limit on employees' pre-tax contributions)	\$2,700	\$2,750	Up \$50
Dependent care FSA (tax exclusion)*	\$5,000 (\$2,500 if married and filing taxes separately)	\$5,000 (\$2,500 if married and filing taxes separately)	No change

*Not adjusted for inflation

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Transportation Fringe Benefits

Transportation Benefits			
Limit (monthly limits)	2019	2020	Change
Transit pass and vanpooling (combined)	\$265	\$270	Up \$5
Parking	\$265	\$270	Up \$5

Adoption Assistance Benefits

Adoption Benefits			
Limit	2019	2020	Change
Tax exclusion (employer-provided assistance)	\$14,080	\$14,300	Up \$220

Qualified Small Employer HRA (QSEHRA)

QSEHRA				
Limit		2019	2020	Change
Payments and reimbursements	Employee-only coverage	\$5,150	\$5,250	Up \$100
	Family coverage	\$10,450	\$10,600	Up \$150

401(k) Contributions

401(k) Contributions			
Limit	2019	2020	Change
Employee elective deferrals	\$19,000	\$19,500	Up \$500
Catch-up contributions	\$6,000	\$6,500	Up \$500