

COMPLIANCE OVERVIEW

Employee Benefit Plan Limits for 2021

Many employee benefits are subject to **annual dollar limits** that are periodically updated for inflation by the IRS. The following commonly offered employee benefits are subject to these limits:

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

The IRS typically announces the dollar limits that will apply for the next calendar year well in advance of the beginning of that year. This gives employers time to update their plan designs and make sure their plan administration will be consistent with the new limits.

This Compliance Overview includes a chart of the inflation-adjusted limits for 2021. Although some of the limits will increase, most of the limits remain the same for 2021.

LINKS AND RESOURCES

- [Revenue Procedure 2020-32](#): 2021 limits for HSAs and HDHPs
- [IRS Notice 2020-79](#): 2021 limits for retirement plans
- [Revenue Procedure 2020-45](#): 2021 limits for health FSAs, adoption assistance and transportation fringe benefits

Increased Limits

- HSA contributions
- HDHP out-of-pocket maximum limit
- Tax exclusion for adoption assistance benefits

Unchanged Limits

- Tax exclusion for dependent care FSA benefits
- Catch-up contributions to an HSA
- HDHP minimum deductible
- Health FSA limit for employee pre-tax contributions
- Health FSA carryover limit
- Monthly limits for transportation fringe benefit plans
- Employees' elective deferrals to 401(k) plans, pre-tax and Roth
- Catch-up contributions to a 401(k) plan

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| Limit | 2020 | 2021 | Change |
|--|--|--|-----------------|
| HSA Contribution Limit | | | |
| Self-only | \$3,550 | \$3,600 | Up \$50 |
| Family | \$7,100 | \$7,200 | Up \$100 |
| Catch-up contributions* | \$1,000 | \$1,000 | No change |
| HDHP Minimum Deductible | | | |
| Self-only | \$1,400 | \$1,400 | No change |
| Family | \$2,800 | \$2,800 | No change |
| HDHP Out-of-Pocket Maximum | | | |
| Self-only | \$6,900 | \$7,000 | Up \$100 |
| Family | \$13,800 | \$14,000 | Up \$200 |
| Health FSA | | | |
| Limit on employees' pre-tax contributions | \$2,750 | \$2,750 | No change |
| Carryover limit | \$550 | \$550 | No change |
| 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 |
| Transportation Fringe Benefits (Monthly Limits) | | | |
| Transit pass and vanpooling (combined) | \$270 | \$270 | No change |
| Parking | \$270 | \$270 | No change |
| 401(k) Contributions | | | |
| Employee elective deferrals | \$19,500 | \$19,500 | No change |
| Catch-up contributions | \$6,500 | \$6,500 | No change |
| Adoption Assistance Benefits | | | |
| Tax exclusion | \$14,300 | \$14,440 | Up \$140 |

*Not subject to annual adjustment for inflation

