

# COMPLIANCE ALERT

## Federal Benefit Plan Limits for 2021

December 1, 2020

Federal law sets annual limits on various tax-preferred employee benefit plans. The following chart compares the 2021 and 2020 limits for the most common types of plans and benefits.

BENEFIT	2021 LIMITS		2020 LIMITS	
<b>Taxable Wage Base</b>				
▪ Social Security OASDI	\$142,800		\$137,700	
▪ Medicare (Part A, hospitalization)	Unlimited		Unlimited	
<b>Health Flexible Spending Accounts (Health FSA)</b>				
▪ Health FSA Maximum Contribution (per plan year)	\$2,750		\$2,750	
<b>Health Savings Accounts (HSA)</b>	<b>Self-Only</b>	<b>Family</b>	<b>Self-Only</b>	<b>Family</b>
▪ HSA Maximum Contribution	\$3,600	\$7,200	\$3,550	\$7,100
▪ HSA Maximum "Catch-Up" Contribution (individuals age 55 or older)	\$1,000	\$1,000	\$1,000	\$1,000
▪ High-Deductible Health Plan (HDHP) Minimum Deductible	\$1,400	\$2,800	\$1,400	\$2,800
▪ HDHP Maximum Out-of-Pocket	\$7,000*	\$14,000	\$6,900	\$13,800
<b>Qualified Transportation Benefits</b>				
▪ Parking	\$270/month		\$270/month	
▪ Transit Pass/Commuter Vehicle	\$270/month		\$270/month	
<b>Retirement/Savings</b>				
▪ Maximum Salary Deferral (\$401(k)/\$403(b)/\$457)	\$19,500		\$19,500	
▪ Maximum "Catch-Up" Salary Deferral (age 50 or older)	\$6,500		\$6,500	
▪ Compensation Limit (\$401(a))	\$290,000		\$285,000	
▪ Maximum Defined Benefit Limit	\$230,000		\$230,000	
▪ Defined Contribution Annual Additions Limit (\$415)	\$58,000		\$57,000	
○ If age 50 or older	\$64,500		\$63,500	
▪ "Key Employee" Compensation Limit	\$185,000		\$185,000	
▪ "Highly Compensated Employee" Limit	\$130,000		\$130,000	

\*A non-grandfathered "family" HDHP also must limit each individual's out-of-pocket costs for essential health benefits to no more than \$7,000.