

COMPLIANCE OVERVIEW

Provided by McGohan Brabender

Employee Benefit Plan Limits for 2020

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 2020. Although some of the limits will remain the same, most of the limits increase for 2020.

LINKS AND RESOURCES

- [Revenue Procedure 2019-25](#): 2020 limits for HSAs and HDHPs
- [IRS Notice 2019-59](#): 2020 limits for retirement plans
- [Revenue Procedure 2019-44](#): 2020 limits for health FSAs, adoption assistance and transportation fringe benefits

HIGHLIGHTS

INCREASED LIMITS

- HSA contribution limits for individuals with self-only or family coverage under an HDHP
- Employees' elective deferrals to 401(k) plans, pre-tax and Roth
- Catch-up contributions to a 401(k) plan
- Health FSA limit for employee pre-tax contributions
- Monthly limits for transportation fringe benefit plans
- Tax exclusion for adoption assistance benefits

UNCHANGED LIMITS

- Tax exclusion for dependent care FSA benefits
- Catch-up contributions to an HSA

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Limit	2019	2020	Change
HSA Contribution Limit			
Self-only	\$3,500	\$3,550	Up \$50
Family	\$7,000	\$7,100	Up \$100
Catch-up contributions*	\$1,000	\$1,000	No change
HDHP Minimum Deductible			
Self-only	\$1,350	\$1,400	Up \$50
Family	\$2,700	\$2,800	Up \$100
HDHP Out-of-Pocket Maximum			
Self-only	\$6,750	\$6,900	Up \$150
Family	\$13,500	\$13,800	Up \$300
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
Transportation Fringe Benefits (Monthly Limits)			
Transit pass and vanpooling (combined)	\$265	\$270	Up \$5
Parking	\$265	\$270	Up \$5
401(k) Contributions			
Employee elective deferrals	\$19,000	\$19,500	Up \$500
Catch-up contributions	\$6,000	\$6,500	Up \$500
Adoption Assistance Benefits			
Tax exclusion	\$14,080	\$14,300	Up \$220

*Not subject to annual adjustment for inflation