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2021 Health and Fringe Benefit Limits

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For calendar year 2021, the Health FSA contribution limit and the parking and transit limits remain the same. Other limits increase only slightly.

2021 Health and Fringe Benefit Plan Limits

| | 2020 | 2021 |
|--|----------|----------|
| Health Savings Accounts – HDHP Limits (§223(c)(2)(A)) | | |
| HDHP Minimum Annual Deductible – Self | \$1,400 | \$1,400 |
| HDHP Minimum Annual Deductible – Family | \$2,800 | \$2,800 |
| HDHP Out-of-Pocket Maximum – Self Only | \$6,900 | \$7,000 |
| HDHP Out-of-Pocket Maximum – Family | \$13,800 | \$14,000 |
| Health Savings Accounts – Maximum Contribution Limits (§223(b)) | | |
| Self Only | \$3,550 | \$3,600 |
| Family | \$7,100 | \$7,200 |
| Catch-Up Contributions (age 55 by the end of the year) | \$1,000 | \$1,000 |
| Out-of-Pocket Maximum – PHSA §2707(b) Limits | | |
| Self Only | \$8,150 | \$8,550 |
| Embedded Individual Max within Family Coverage | \$8,150 | \$8,550 |
| Family | \$16,300 | \$17,100 |
| Transportation Fringe Benefits – Monthly Limits (§132(f)(2)) | | |

| | | |
|--|-----------|-----------|
| Parking | \$270 | \$270 |
| Transit Passes and Vanpooling (combined) | \$270 | \$270 |
| Health FSA Contribution Limit (§125(i)) | \$2,750 | \$2,750 |
| FSA Carryover Limit | \$550 | \$550 |
| Dependent Care FSA Contribution Limit (§129(a)(2))* | \$5,000 | \$5,000 |
| Employer Adoption Assistance Exclusion (§137) | | |
| Maximum Gross Income Exclusion | \$14,300 | \$14,440 |
| Maximum AGI Limit (after which exclusion phases out) | \$214,520 | \$216,660 |
| Qualified Small Employer HRA – Maximum Annual Contribution Limits (§9831(d)) | | |
| All Coverage (other than family) | \$5,250 | \$5,300 |
| Family Coverage | \$10,600 | \$10,700 |

Dollar Amounts in Red Indicate an Increase for 2021.

* Special income tax situations may require a lower limit.

Social Security Tax and Wage Base

The Social Security Administration announced that the 2021 social security wage base will be \$142,800, which is an increase of \$5,100 from \$137,700 for the 2020 calendar year.

Medicare Tax

The regular Medicare tax rate of 1.45% remains unchanged and applies to all income without a limitation for both the employee and employer portion. The Affordable Care Act additional Medicare tax of 0.9% remains unchanged. The additional Medicare tax applies to wages, other compensation, and self-employment income over certain dollar thresholds (\$200,000 for single and \$250,000 for married filing jointly). The additional Medicare tax only applies to the employee and not the employer. IRS regulations require an employer to withhold the additional Medicare tax on wages or compensation it pays to an employee in excess of \$200,000 in a calendar year.

