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## 2020 Health and Fringe Benefit Plan Limits

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Today, the IRS released the annual adjustments for health FSAs, transportation plans and employer adoption assistance benefits.

The following chart indicates these new limits, along with other health plan limits applicable for 2020.

|   | 2019     | 2020     |
|---|----------|----------|
| Health Savings Accounts – HDHP Limits (§223(c)(2)(A))           |          |          |
| HDHP Minimum Annual Deductible – Self                           |          |          |
| HDHP Minimum Annual Deductible – Family                         |          |          |
| HDHP Out-of-Pocket Maximum – Self Only                          | \$1,350  | \$1,400  |
| HDHP Out-of-Pocket Maximum – Family                             | \$2,700  | \$2,800  |
|   | \$6,750  | \$6,900  |
|   | \$13,500 | \$13,800 |
| Health Savings Accounts – Maximum Contribution Limits (§223(b)) |          |          |
| Self Only   |          |          |
| Family  |          |          |
| Catch-Up Contributions (age 55 by the end of the year)          | \$3,500  | \$3,550  |
|   | \$7,000  | \$7,100  |
|   | \$1,000  | \$1,000  |
| Out-of-Pocket Maximum – PHSA §2707(b) Limits                    |          |          |
| Self Only   | \$7,900  | \$8,150  |
| Embedded Individual Max within Family                           | \$7,900  | \$8,150  |
| Family  | \$15,800 | \$16,300 |

|  |           |           |
|--|-----------|-----------|
| Transportation Fringe Benefits – Monthly Limits (§132(f)(2)) |           |           |
| Parking  |           |           |
| Transit Passes and Vanpooling (combined)*                    | \$265     | \$270     |
|  | \$265     | \$270     |
| Health FSA Contribution Limit (§125(i))                      | \$2,700   | \$2,750   |
| Dependent Care FSA Contribution Limit (§129(a)(2))*          | \$5,000   | \$5,000   |
| Employer Adoption Assistance Exclusion (§137)                |           |           |
| Maximum Gross Income Exclusion                               | \$14,080  | \$14,300  |
| Maximum AGI Limit (after which exclusion phases out)         | \$211,160 | \$214,520 |

\* Special income tax situations may require a lower limit.

#### **Social Security Tax and Wage Base**

On October 10, 2019, the Social Security Administration announced that the 2020 social security wage base will be \$137,700, which is an increase of \$4,800 from \$132,900 for the 2019 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.