



COMPLIANCE BULLETIN

IRS Announces Employee Benefit Plan Limits for 2018

HIGHLIGHTS

- The IRS recently announced cost-of-living adjustments to the annual dollar limits for employee benefit plans.
- Many of these limits will increase for 2018.
- In 2018, employees may contribute more money to their HSAs, health FSAs and 401(k) accounts.

RESOURCES

- [IRS Revenue Procedure 2017-37](#) (HSA/HDHP limits for 2018)
- [IRS Revenue Procedure 2017-58](#) (health FSA, adoption assistance and transportation plan limits for 2018)
- [IRS Notice 2017-64](#) (retirement plan limits for 2018)

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OVERVIEW

Many employee benefits are subject to annual dollar limits that are periodically increased for inflation. The Internal Revenue Service (IRS) recently announced cost-of-living adjustments to the annual dollar limits for various welfare and retirement plan limits for 2018. Although some of the limits will remain the same, many of the limits will increase for 2018.

The annual limits for the following commonly offered employee benefits will increase for 2018:

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

ACTION STEPS

Employers should update their benefit plan designs for the new limits and also make sure that their plan administration will be consistent with the new limits in 2018. Employers may also want to communicate the new benefit plan limits to employees in connection with annual open enrollment.

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HSA and HDHP Limits

HSA Contribution Limit			
Limit	2017	2018	Change
Self-only HDHP coverage	\$3,400	\$3,450	Up \$50
Family HDHP coverage	\$6,750	\$6,900	Up \$150
Catch-up contributions*	\$1,000	\$1,000	No change

*Not adjusted for inflation

HDHP Limits				
Limit	2017	2018	Change	
Minimum deductible	Self-only coverage	\$1,300	\$1,350	Up \$50
	Family coverage	\$2,600	\$2,700	Up \$100
Maximum out-of-pocket	Self-only coverage	\$6,550	\$6,650	Up \$100
	Family coverage	\$13,100	\$13,300	Up \$200

FSA Benefits

FSA Limits			
Limit	2017	2018	Change
Health FSA (limit on employees' pre-tax contributions)	\$2,600	\$2,650	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

*Not adjusted for inflation

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Transportation Fringe Benefits

Transportation Benefits			
Limit (monthly limits)	2017	2018	Change
Transit pass and vanpooling (combined)	\$255	\$260	Up \$5
Parking	\$255	\$260	Up \$5

Adoption Assistance Benefits

Adoption Benefits			
Limit	2017	2018	Change
Tax exclusion (employer-provided assistance)	\$13,570	\$13,840	Up \$270

Qualified Small Employer HRA (QSEHRA)

QSEHRA				
Limit		2017	2018	Change
Payments and Reimbursements	Employee-only coverage	\$4,950	\$5,050	Up \$100
	Family coverage	\$10,000	\$10,250	Up \$250

401(k) Contributions

401(k) Contributions			
Limit	2017	2018	Change
Employee elective deferrals	\$18,000	\$18,500	Up \$500
Catch-up contributions	\$6,000	\$6,000	No change