October 28, 2020

2021 Health and Fringe Benefit Limits

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)) FSA Carryover Limit	$2,750 $550	$2,750 $550
Dependent Care FSA Contribution Limit (§129(a)(2))*	$5,000	$5,000
Employer Adoption Assistance Exclusion (§137) Maximum Gross Income Exclusion Maximum AGI Limit (after which exclusion phases out)	 $14,300 $214,520	 $14,440 $216,660
Qualified Small Employer HRA – Maximum Annual Contribution Limits (§9831(d)) All Coverage (other than family) Family Coverage	 $5,250 $10,600	 $5,300 $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.