November 7, 2019

2020 Health and Fringe Benefit Plan Limits

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	$1,350	$1,400
HDHP Minimum Annual Deductible – Family	$2,700	$2,800
HDHP Out-of-Pocket Maximum – Self Only	$6,750	$6,900
HDHP Out-of-Pocket Maximum – Family	$13,500	$13,800
Health Savings Accounts – Maximum Contribution Limits (§223(b))		
Self Only	$3,500	$3,550
Family	$7,000	$7,100
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	$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 $265	$270 $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 Maximum AGI Limit (after which exclusion phases out)	$14,080 $211,160	$14,300 $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.