

BENEFITS BUZZ

IRS Announces Employee Benefit Plan Limits for 2024

Many employee benefits are subject to annual dollar limits that are updated for inflation before the beginning of each calendar year. Most of these annual dollar limits will increase in 2024. Note that some benefit limits are not adjusted for inflation, such as the contribution limit for dependent care flexible spending accounts (FSAs) and the catch-up contribution limit for health savings accounts (HSAs).

Employers should confirm that payroll systems are updated for the 2024 limits and that the new limits are communicated to employees. The following benefit limits apply for 2024:

HSA Contributions

- Single coverage: \$4,150 (up \$300 from 2023)
- Family coverage: \$8,300 (up \$550 from 2023)

- Catch-up contributions: \$1,000 (not adjusted for inflation)

Health FSA Limits

- Employee pre-tax contributions: \$3,200 (up \$150 from 2023)
- Carryover of unused funds: \$640 (up \$30 from 2023)

Dependent Care FSA Contributions

- \$5,000 or \$2,500 if married and filing taxes separately (not adjusted for inflation)

401(k) Contributions

- Employee elective deferrals (pre-tax and Roth contributions): \$23,000 (up \$500 from 2023)
- Catch-up contributions: \$7,500 (no change from 2023)

Transportation Fringe Benefits

- Monthly limits: \$315 (up \$15 from 2023)

Cost-sharing Limits for 2025 Released

On Nov. 15, 2023, the Centers for Medicare and Medicaid Services (CMS) [released](#) the maximum limits on cost sharing for 2025 under the Affordable Care Act (ACA). For 2025, the maximum annual limitation on cost sharing is **\$9,200** for self-only coverage and **\$18,400** for family coverage. This represents an approximately 2.6% decrease from the 2024 limits of \$9,450 for self-only coverage and \$18,900 for family coverage.

The ACA requires most health plans to comply with annual limits on total enrollee cost sharing for essential health benefits (EHBs). These cost-sharing limits are commonly referred to as an out-of-pocket maximum. Once the out-of-pocket maximum is reached for the year, the enrollee cannot be responsible for additional cost sharing for EHBs for the remainder of the year.

CMS annually adjusts the ACA's out-of-pocket maximum for inflation and publishes the limits by January of the year preceding the applicable benefit year. The ACA's cost-sharing limits apply to all non-grandfathered health plans.

Any out-of-pocket expenses required by or on behalf of an enrollee with respect to EHBs must count toward the cost-sharing limit. This includes deductibles, copayments, coinsurance and similar charges but excludes premiums and spending for noncovered services. Health plans that use provider networks are not required to count an enrollee's expenses for out-of-network benefits toward the cost-sharing limit.

