

IRS Releases Employee Benefit Plan Limits for 2025

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 increase for 2025. 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 2025 limits and that the new limits are communicated to employees. The following benefit limits apply for 2025:

HSA Contributions

- Single coverage: \$4,300 (up \$150 from 2024);
- Family coverage: \$8,550 (up \$250 from 2024); and
- Catch-up contributions: \$1,000

Health FSA Limits

- Employee pre-tax contributions: \$3,300 (up \$100 from 2024); and
- Carryover of unused funds: \$660 (up \$20 from 2024)

Dependent Care FSA Contributions

- \$5,000 or \$2,500 if married and filing taxes separately

401(k) Contributions

- Employee elective deferrals (pre-tax and Roth contributions): \$23,500 (up \$500 from 2024); and
- Catch-up contributions: \$7,500 (no change from 2024); starting in 2025, a higher catch-up contribution limit (\$11,250) applies to participants ages 60-63

Transportation Fringe Benefits

- Monthly limits: \$325 (up \$10 from 2024)

Federal Agencies Seek to Expand Coverage for OTC Contraceptives

On Oct. 17, 2024, the IRS issued [Notice 2024-75](#), expanding the list of preventive care benefits permitted to be provided by a high deductible health plan (HDHP) without a deductible to include:

- Over-the-counter (OTC) oral contraceptives, including OTC birth control pills and emergency contraceptives, for individuals potentially capable of becoming pregnant, regardless of whether they are purchased with a prescription; and
- Male condoms, regardless of whether they are purchased with a prescription.

In addition, on Oct. 21, 2024, federal agencies released a [proposed rule](#) that, if finalized, would expand the Affordable Care Act's preventive care mandate by requiring

most health plans and health insurance issuers to cover OTC contraceptives without imposing cost sharing (e.g., deductibles, copayments or coinsurance) or requiring a prescription.

Currently, health plans and issuers are only required to cover OTC preventive products without cost sharing when they are prescribed by a health care provider. In July 2023, the U.S. Food and Drug Administration approved the first OTC daily oral contraceptive, which is now widely available for sale in stores and online.