



IRS Announces 2020 Cost-of-Living Adjustments For Retirement Plans and for Health and Welfare Benefit Plans

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Foster Swift Business & Tax Law News

November 22, 2019

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PRACTICE AREAS

Employee Benefits

Health Care

The IRS has announced the 2020 cost-of-living adjustments for retirement plan and health and welfare benefit plan limitations. The charts below set forth the applicable limitations.

Retirement Plans

Almost all of the limitations that apply to retirement plans have increased for 2020. Below is a review of the key changes: Retirement Plan Limitation

	<u>2019 Limit</u>	<u>2020 Limit</u>
401(k) and 403(b) Employee Contribution Limit	\$19,000	\$19,500

"Catch-Up Contribution" Limit
(age 50 and older)

\$6,000

\$6,500

Defined Contribution Maximum Contribution \$56,000
(plus "Catch-Up") \$57,000
(plus "Catch-Up") Defined Benefit Annual Benefit Limit \$225,000
\$230,000 Highly Compensated Employee Compensation \$125,000
\$130,000 Top-Heavy Key Employee Officer Dollar Limit \$180,000
\$185,000 Annual Compensation Limit \$280,000 \$285,000 457 Plan
Contribution Limit \$19,000 \$19,500 Social Security Taxable Wage
Base \$132,900 \$137,700

Health and Welfare Benefit Plans

Certain limitations that apply to health and welfare benefit plans remain unchanged, including the catch-up limit for Health Savings Account contributions and to a dependent care assistance plan (DCAP). However, many other limitations have changed, as noted in the following chart: Health and Welfare Benefit Plan Limitation

	<u>2019 Limit</u>	<u>2020 Limit</u>
Health FSA Contribution Limit	\$2,700	\$2,750



Health Savings Account (HAS) Contribution Limits:

- Family
- Single
- Catch-Up Limit
(age 55 and older)

\$7,000
\$3,500
\$1,000

\$7,100
\$3,550
\$1,000

HSA Annual Deduction Minimums:

- Family
- Single

\$2,700
\$1,350

\$2,800
\$1,400

HSA Out-of-Pocket Minimums:

- Family
- Single

\$13,500
\$6,750

\$13,800
\$6,900 DCAP Limit \$5,000/\$2,500
(if married, filing separately) \$5,000/\$2,500
(if married, filing separately)

Qualified Transportation Fringe Benefit Monthly Limits:

- Qualified Parking
- Transit Pass/Vanpooling

\$265
\$265



\$270

\$270

If you have question related to these limits or how they affect the administration of your plan, please contact a Foster Swift employee benefits attorney.