

Health Savings Account (HSA)

For calendar year 2020, the annual limitation on deductions for an individual with self-only coverage under a high deductible health plan is \$3,550 and for an individual with family coverage it is \$7,100. The “high deductible health plan” annual deductible cannot be less than \$1,400 for self-only coverage or \$2,800 for family coverage, and the annual out-of-pocket expenses cannot exceed \$6,900 for self-only coverage or \$13,800 for family coverage.

On May 28, 2019 the IRS announced the 2020 Health Savings Account (HSA) contribution limit increases within their release of [Revenue Procedure 2019-25](#). In addition, the 2020 High Deductible Health Plan deductible amounts and out-of-pocket expense limits were also announced. To be eligible to contribute to an HSA in 2020, one must be enrolled in a high deductible health plan.

The catch-up contribution allowed for those 55 and over remains at \$1,000. Remember, qualifying HDHPs and no other impermissible coverage (such as coverage under another employer’s plan or from a health care flexible spending account that is not specifically compatible with an HSA) are required in order to fund an HSA.

	2018	2019	2020
Minimum deductible amounts for the qualifying high deductible health plan (HDHP)			
Individual coverage	\$1,350	\$1,350	\$1,400
Family coverage	\$2,700	\$2,700	\$2,800
Maximum contribution levels			
Individual coverage	\$3,450	\$3,500	\$3,550
Family coverage	\$6,900	\$7,000	\$7,100
Catch up allowed for those 55 and over	\$1,000	\$1,000	
Maximums for HDHP out-of-pocket expenses			
Individual coverage	\$6,650	\$6,750	\$6,900
Family coverage	\$13,300	\$13,500	\$13,800

Healthcare FSA

Per IRS regulations, pretax employee contributions to Health Flexible Savings Accounts (FSAs) contribution limit for 2019 is \$2,700, an increase of \$50 from the 2018 limits.

Health FSA	2017	2018	2019
Maximum Annual Contribution Limit	\$2,600	\$2,650	\$2,700

Dependent and/or Child Daycare Expenses

The 2019 cafeteria plan daycare contribution limit is \$5,000 for a married couple filing a joint return, or for a single parent filing as "Head of Household." For a married couple filing separate returns, the limit is \$2,500 each. The daycare credit is reduced dollar for dollar by contributions to or benefits received from an employer's cafeteria plan. An employee may participate in their employer's cafeteria plan and take a portion of the daycare expenses through the credit if they have sufficient expenses in excess of their cafeteria plan annual election, but within the tax credit limits.

Dependent Care FSA	2017	2018	2019
Maximum Annual Contribution Limit; married and filing jointly or single parent	\$5,000	\$5,000	\$5,000
Maximum Annual Contribution Limit; married and filing separate	\$2,500	\$2,500	\$2,500

Commuter Accounts

The monthly commuter benefit limits for both mass transit and parking increased by \$5 in 2019, for a maximum monthly contribution limit of \$265.

Transit Benefits	2017	2018	2019
Parking - monthly limit	\$255	\$260	\$265
Transit and Vanpooling - monthly limit	\$255	\$260	\$265

- Section 13304(c) of the Final Tax Bill disallows employer deductions relating to qualified transportation fringe benefits effective for tax years beginning after December 31, 2017. Nonprofits must also include the value of disallowed deductions for qualified transportation fringe benefits in Unrelated Business Taxable Income.
- Section 11047 of the Final Tax Bill provides that qualified bicycle commuting expenses will no longer be tax exempt to employees effective for tax years beginning after December 31, 2017.

Qualified Small Health Reimbursement Arrangements (QSEHRAs)

The employer contribution limits for qualified small HRAs in 2019 are \$5,150 for single employees or \$10,450 for families.

QSEHRAs	2017	2018	2019
Qualified Small Health Reimbursement Arrangements (QSEHRAs) limit			
Individual coverage	\$4,950	\$5,050	\$5,150
Family coverage	\$10,000	\$10,250	\$10,450