

# COMPLIANCE BULLETIN



## HSA/HDHP Limits Increase for 2021

On May 20, 2020, the IRS released [Revenue Procedure 2020-32](#) to provide the inflation-adjusted limits for health savings accounts (HSAs) and high deductible health plans (HDHPs) for 2021. The IRS is required to publish these limits by June 1 of each year.

These limits include:

- The maximum HSA contribution limit;
- The minimum deductible amount for HDHPs; and
- The maximum out-of-pocket expense limit for HDHPs.

These limits vary based on whether an individual has self-only or family coverage under an HDHP.

Eligible individuals with self-only HDHP coverage will be able to contribute **\$3,600** to their HSAs for 2021, up from \$3,550 for 2020. Eligible individuals with family HDHP coverage will be able to contribute **\$7,200** to their HSAs for 2021, up from \$7,100 for 2020. Individuals who are age 55 or older are permitted to make an additional \$1,000 “catch-up” contribution to their HSAs.

The minimum deductible amount for HDHPs remains the same for 2021 plan years (\$1,400 for self-only coverage and \$2,800 for family coverage). However, the HDHP maximum out-of-pocket expense limit increases to \$7,000 for self-only coverage and \$14,000 for family coverage.

### Action Steps

Employers that sponsor HDHPs should review their plan’s cost-sharing limits (minimum deductibles and maximum out-of-pocket expense limit) when preparing for the plan year beginning in 2021. Also, employers that allow employees to make pre-tax HSA contributions should update their plan communications for the increased contribution limits.

### Highlights

- Each year, the IRS announces inflation-adjusted limits for HSAs and HDHPs.
- By law, the IRS is required to announce these limits by June 1 of each year.
- The adjusted contribution limits for HSAs take effect as of Jan. 1, 2021.
- The adjusted HDHP cost-sharing limits take effect for the plan year beginning on or after Jan. 1, 2021.

### Important Dates

#### January 1, 2021

The new contribution limits for HSAs become effective.

#### 2021 Plan Years

The HDHP cost-sharing limits for 2021 apply for plan years beginning on or after Jan. 1, 2021.

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## HSA/HDHP Limits

The following chart shows the HSA and HDHP limits for 2021 as compared to 2020. It also includes the catch-up contribution limit that applies to HSA-eligible individuals who are age 55 or older, which is not adjusted for inflation and stays the same from year to year.

Type of Limit		2020	2021	Change
<b>HSA Contribution Limit</b>	Self-only	\$3,550	\$3,600	<b>Up \$50</b>
	Family	\$7,100	\$7,200	<b>Up \$100</b>
<b>HSA Catch-up Contributions</b> <i>(not subject to adjustment for inflation)</i>	Age 55 or older	\$1,000	\$1,000	No change
<b>HDHP Minimum Deductible</b>	Self-only	\$1,400	\$1,400	No change
	Family	\$2,800	\$2,800	No change
<b>HDHP Maximum Out-of-pocket Expense Limit</b> <i>(deductibles, copayments and other amounts, but not premiums)</i>	Self-only	\$6,900	\$7,000	<b>Up \$100</b>
	Family	\$13,800	\$14,000	<b>Up \$200</b>