

Law & Policy Group

2021 quick benefit facts

Retirement plan limits

	2021	2020	2019
Qualified retirement plan limits			
401(k), 403(b) and eligible 457(e) elective deferrals	\$19,500	\$19,500	\$19,000
Catch-up contributions	\$6,500	\$6,500	\$6,000
Compensation limit	\$290,000	\$285,000	\$280,000
415 defined contribution annual limit	\$58,000	\$57,000	\$56,000
415 defined benefit maximum annuity	\$230,000	\$230,000	\$225,000
Highly compensated threshold	\$130,000	\$130,000	\$125,000
Traditional IRA limits			
IRA maximum deductible amount	\$6,000	\$6,000	\$6,000
IRA catch-up contribution limit	\$1,000	\$1,000	\$1,000
PBGC premiums for single-employer plans			
Flat rate per participant	\$86	\$83	\$80
Variable rate per \$1,000 of unfunded vested benefits	\$46	\$45	\$43
Per-participant variable-rate cap	\$582	\$561	\$541
Social Security			
Taxable wage base	\$142,800	\$137,700	\$132,900
Cost-of-living adjustment	1.3%	1.6%	2.8%

Retirement plan limits

After applying statutory rounding rules, the compensation and 415 defined contribution annual limits will rise modestly in 2021. Other limits will stay the same.

IRA limits

After statutory rounding, the 2021 IRA maximum deductible contribution limit will stay at the 2020 level. The IRA catch-up contribution limit is not adjusted annually.

PBGC premiums

The 2021 single-employer flat-rate premium, variable premium rate and per-participant variable-rate premium cap equal the 2020 amounts adjusted for one year's wage inflation.

Health and fringe benefit limits

	2021	2020	2019
Tax-free qualified transportation fringe benefits			
Monthly qualified parking, transit passes or commuter highway vehicle	\$270	\$270	\$265
Health FSA and excepted-benefit HRA limits			
Maximum health FSA salary reduction contribution	\$2,750	\$2,750	\$2,700
Maximum health FSA carryover*	\$550	\$550	\$500
Maximum excepted-benefit HRA employer contribution	\$1,800	\$1,800	N/A
HSA and HDHP limits			
Self-only coverage			
Maximum tax-deductible/tax-free HSA contribution	\$3,600	\$3,550	\$3,500
HDHP minimum annual deductible	\$1,400	\$1,400	\$1,350
HDHP out-of-pocket maximum	\$7,000	\$6,900	\$6,750
Family coverage			
Maximum tax-deductible/tax-free HSA contribution	\$7,200	\$7,100	\$7,000
HDHP minimum annual deductible	\$2,800	\$2,800	\$2,700
HDHP out-of-pocket maximum	\$14,000	\$13,800	\$13,500
HSA catch-up contribution limit	\$1,000	\$1,000	\$1,000
ACA nongrandfathered group health plan out-of-pocket maximums			
Self-only coverage (and embedded individual maximum in family coverage)	\$8,550	\$8,150	\$7,900
Family coverage	\$17,100	\$16,300	\$15,800
ACA play-or-pay assessments			
Not offering coverage	\$2,700	\$2,570	\$2,500
Offering coverage lacking minimum value or affordability	\$4,060	\$3,860	\$3,750
ACA affordable monthly employee contribution limit for play-or-pay FPL safe harbor (48 contiguous states and Washington, DC)			
Calendar-year plans	\$104.53	\$101.79	\$99.75
Noncalendar-year plans	TBD	\$103.99	\$102.63
ACA affordability percentages for employer coverage			
Top % of income for lowest-cost self-only coverage with minimum value	9.83%	9.78%	9.86%

HSA and HDHP limits

The 2021 tax-deductible/tax-free health savings account (HSA) contribution limits and high-deductible health plan (HDHP) out-of-pocket maximums have risen from 2020 levels, while HDHP minimum annual deductibles are unchanged. The HSA catch-up limit is not indexed.

Play-or-pay assessments

Under the Affordable Care Act (ACA), employers that don't offer most ACA full-time employees health coverage face paying one of two IRS assessments. The table shows annual amounts, but assessments apply monthly.

Federal-poverty-line (FPL) safe harbor amounts

Adjusted amounts for the ACA's play-or-pay FPL safe harbor apply on a plan-year, not calendar-year, basis. Noncalendar-year plans use the 2020 level of \$103.99 per month to determine FPL affordability until their 2021 plan years start.

ACA affordable employer coverage

To qualify for premium tax credits or reduced cost sharing for public exchange coverage, an individual's cost for the employer's lowest-cost, self-only coverage with minimum value can't exceed an indexed percentage of household income. The three affordability safe harbors (W-2, rate of pay or FPL) have the same indexing formula.

* Notice [2020-33](#) increased the limit on 2020 carryovers to the 2021 plan year, with future carryovers capped at 20% of the limit on employee pretax contributions to a health FSA for a plan year.