

Law & Policy Group

GRIST

Summary of 2024 benefit-related cost-of-living adjustments

By Margaret Berger, James Chakan and Dorian Z. Smith
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The IRS, Pension Benefit Guaranty Corp. (PBGC), Social Security Administration (SSA), and Centers for Medicare & Medicaid Services (CMS) have issued 2024 cost-of-living adjustments (COLAs) for retirement, health and fringe benefit plans; Medicare; and Social Security and Supplemental Security income (SSI). This GRIST covers the key 2024 COLAs for benefit plans issued in the fall of 2023, as well as these recently published items for 2024: covered compensation figures, limits for retirement plans qualified in Puerto Rico (PR) and the play-or-pay monthly contribution limit for noncalendar-year health plans using an affordability safe harbor based on the federal poverty line (FPL) guidelines.

Retirement plan limits

Employer-sponsored retirement plans may be affected by annual changes to [US](#) and [PR](#) qualified plan limits; [covered compensation](#), which is used in safe-harbor plan designs and nondiscrimination testing; and [PBGC premiums, guaranteed benefits and maximum present value](#). Other retirement-related COLAs may affect employees who are eligible for the [saver's credit](#) or have individual retirement accounts (IRAs), including [traditional and Roth IRAs](#).

US qualified retirement plan limits

IRS [Notice 2023-75](#) provides 2024 limits for qualified retirement plans, including defined benefit (DB), defined contribution (DC) and simplified employee pension (SEP) plans, along with employee stock ownership plans (ESOPs) and savings incentive match plans for small employers (SIMPLE plans). Almost every key limit has risen, due to the relatively large 3.51% increase in the third-quarter Consumer Price Index for All Urban Consumers (CPI-U) from 2021 to 2023. The following table shows the qualified retirement plan limits for 2022, 2023 and 2024 reflecting the rounding rules in the Internal Revenue Code (IRC), along with unrounded 2024 values — calculated by Mercer — to facilitate projections.

IRC retirement plan limit	2024 (not rounded)	2024	2023	2022
Treas. Reg. § 1.401(a)(9)-6 limit on premiums paid for a qualified longevity annuity contract	\$164,000	\$155,000	\$155,000	\$145,000
401(k), 403(b) and eligible 457 plan elective deferrals (and designated Roth contributions)	23,379	23,000	22,500	20,500
414(v)(2)(B)(i) catch-up contributions to plans other than SIMPLE plans (age ≥ 50)	7,793	7,500	7,500	6,500
408(p)(2)(E) SIMPLE plan elective deferrals	16,183	16,000	15,500	14,000
414(v)(2)(B)(ii) SIMPLE plan catch-up contributions (age ≥ 50)	3,897	3,500	3,500	3,000
408(k)(2)(C) SEP plan minimum compensation	777	750	750	650
415(b) DB plan maximum annuity	276,176	275,000	265,000	245,000
415(c) DC plan maximum annual addition	69,044	69,000	66,000	61,000
401(a)(17) and 408(k)(3)(C) compensation	345,220	345,000	330,000	305,000
401(a)(17) compensation for eligible participants in certain governmental plans in effect July 1, 1993	509,980	505,000	490,000	450,000
414(q)(1)(B) highly compensated employee (HCE) and 414(q)(1)(C) top-paid group*	155,984	155,000	150,000	135,000
416(i)(1)(A)(i) officer compensation for top-heavy plan key employee definition	224,393	220,000	215,000	200,000
Treas. Reg. § 1.61-21(f)(5) control employee for fringe benefit valuations				
Officer compensation	138,925	135,000	130,000	120,000
Employee compensation	277,850	275,000	265,000	245,000
409(o)(1)(C) tax-credit ESOP limits for lengthening the distribution period				
Five-year maximum balance	1,380,880	1,380,000	1,330,000	1,230,000
One-year extension	276,176	275,000	265,000	245,000
432(e)(9)(H)(v) systemically important multiemployer plan (billions)	1.369 B	1.369 B	1.256 B	1.220 B
664(g)(7) qualified gratuitous transfer of employer securities to an ESOP	63,150	60,000	60,000	55,000
* The HCE limit shown for a year is applied to compensation for that plan year to determine if an employee is an HCE for the following plan year, e.g., an employee with 2024 plan year compensation greater than \$155,000 may be an HCE for the 2025 plan year.				

Puerto Rico qualified retirement plan limits

Carta Circular de Rentas Internas 24-01 announced 2024 limits for PR-only plans and dual-qualified plans. The PR tax code aligns its annual limits for compensation, contributions and benefits with the US qualified plan limits, but pretax elective deferral limits for PR-only plans and catch-up contribution limits for both PR-only and dual-qualified plans are lower than the parallel US limits and aren't indexed for inflation after 2013 (2012 for catch-up contributions). Puerto Rican participants' elective deferrals (excluding catch-ups) to dual-qualified plans, when added to deductible IRA contributions, may not exceed the sum of the elective deferral limit for PR-only plans plus the contribution limit for PR IRAs. The table below shows the annual limits for PR-only and dual-qualified plans, but doesn't address Puerto Rican employees of the US government.

PR Code retirement plan limit	2024	2023	2022
1081.01(d)(7)(A)(i) elective deferral — PR-only plans	\$15,000*	\$15,000*	\$15,000*
1081.01(d)(7)(A)(ii) elective deferral — dual-qualified plans	23,000 [†]	22,500 [†]	20,500 [†]
1081.01(d)(7)(A)(iii) combined limit on elective deferrals (other than catch-up contributions) to dual-qualified plans and deductible IRA contributions	20,000*	20,000*	20,000*
1081.01(d)(7)(C)(i) catch-up contributions to both PR-only and dual-qualified plans	1,500*	1,500*	1,500*
1081.01(a)(12) annual compensation limit	345,000	330,000	305,000
1081.01(a)(11)(A)(i) DB maximum annuity	275,000	265,000	245,000
1081.01(a)(11)(B)(i) DC maximum annual addition	69,000 [§]	66,000 [§]	61,000 [§]
1081.01(d)(3)(E)(iii)(IV) HCE threshold [‡]	155,000	150,000	135,000

* Limit is set by statute and is not indexed for inflation.

[†] Participants aged 75 or older may be subject to a \$15,000 limit because their IRA limit is zero.

[§] The 1081.01(a)(15) cumulative cap on after-tax contributions is 10% of aggregate pay while participating.

[‡] The HCE limit shown for a year is applied to compensation for that plan year to determine if an employee is an HCE for the following plan year, e.g., an employee with 2024 plan year compensation greater than \$155,000 may be an HCE for the 2025 plan year.

Covered compensation

Qualified DB pension plans use covered compensation to determine “permitted disparity” under Section 401(l) design-based safe harbor rules and “imputed disparity” under Section 401(a)(4) general nondiscrimination testing rules. Covered compensation is the average Old Age, Survivors and Disability Insurance (OASDI) contribution and benefit base for the 35 years ending with the year the employee reaches Social Security retirement age. IRS rounds Social Security retirement ages up to the next higher integer for covered compensation purposes, even though the actual Social Security full retirement age increases in two-month increments. Qualified plans have the option to determine permitted or imputed disparity using either actual or rounded covered compensation.

Rev. Rul. 2024-1 contains the 2024 covered compensation tables, which reflect the increase in the taxable wage base to \$168,600 for 2024, up from \$160,200 in 2023. The next table shows covered compensation amounts for individuals who have already reached Social Security full retirement age. (At that age, covered compensation becomes fixed and is no longer affected by annual changes in the OASDI contribution and benefit base.)

Year born	Social Security full retirement		Covered compensation	
	Age	Year	Not rounded	Rounded
1920	65	1985	\$12,276	\$12,000
1921	65	1986	13,368	12,000
1922	65	1987	14,520	15,000
1923	65	1988	15,708	15,000
1924	65	1989	16,968	18,000
1925	65	1990	18,312	18,000
1926	65	1991	19,728	21,000
1927	65	1992	21,192	21,000
1928	65	1993	22,716	24,000
1929	65	1994	24,312	24,000
1930	65	1995	25,920	27,000
1931	65	1996	27,576	27,000
1932	65	1997	29,304	30,000
1933	65	1998	31,128	30,000
1934	65	1999	33,060	33,000
1935	65	2000	35,100	36,000
1936	65	2001	37,212	36,000
1937	65	2002	39,444	39,000
1938	65 & 2 months	2004	43,992	45,000
1939	65 & 4 months	2005	46,344	45,000
1940	65 & 6 months	2006	48,816	48,000
1941	65 & 8 months	2007	51,348	51,000
1942	65 & 10 months	2008	53,952	54,000
1943	66	2009	56,628	57,000
1944	66	2010	59,268	60,000

Year born	Social Security full retirement		Covered compensation	
	Age	Year	Not rounded	Rounded
1945	66	2011	\$61,884	\$63,000
1946	66	2012	64,560	66,000
1947	66	2013	67,308	66,000
1948	66	2014	69,996	69,000
1949	66	2015	72,636	72,000
1950	66	2016	75,180	75,000
1951	66	2017	77,880	78,000
1952	66	2018	80,532	81,000
1953	66	2019	83,244	84,000
1954	66	2020	86,052	87,000
1955	66 & 2 months	2022	91,884	93,000
1956	66 & 4 months	2023	95,172	96,000

This table shows the 2024 amounts for individuals below Social Security full retirement age, along with 2023 amounts.

Year born	Social Security full retirement		Covered compensation			
	Age	Year	Not rounded		Rounded	
			2024	2023	2024	2023
1957	66 & 6 months	2024	\$98,616	\$98,376	\$99,000	\$99,000
1958	66 & 8 months	2025	101,964	101,484	102,000	102,000
1959	66 & 10 months	2026	105,264	104,544	105,000	105,000
1960	67	2027	108,492	107,532	108,000	108,000
1961	67	2028	111,660	110,460	111,000	111,000
1962	67	2029	114,744	113,304	114,000	114,000
1963	67	2030	117,816	116,136	117,000	117,000
1964	67	2031	120,840	118,920	120,000	120,000
1965	67	2032	123,792	121,632	123,000	123,000
1966	67	2033	126,660	124,260	126,000	123,000
1967	67	2034	129,396	126,756	129,000	126,000

Year born	Social Security full retirement		Covered compensation			
	Age	Year	Not rounded		Rounded	
			2024	2023	2024	2023
1968	67	2035	\$132,036	\$129,156	\$132,000	\$129,000
1969	67	2036	134,556	131,436	135,000	132,000
1970	67	2037	136,944	133,584	138,000	135,000
1971	67	2038	139,284	135,684	138,000	135,000
1972	67	2039	141,588	137,748	141,000	138,000
1973	67	2040	143,832	139,752	144,000	141,000
1974	67	2041	145,956	141,636	147,000	141,000
1975	67	2042	147,984	143,424	147,000	144,000
1976	67	2043	149,892	145,092	150,000	144,000
1977	67	2044	151,656	146,616	153,000	147,000
1978	67	2045	153,420	148,140	153,000	147,000
1979	67	2046	155,184	149,664	156,000	150,000
1980	67	2047	156,864	151,104	156,000	150,000
1981	67	2048	158,424	152,424	159,000	153,000
1982	67	2049	159,900	153,660	159,000	153,000
1983	67	2050	161,340	154,860	162,000	156,000
1984	67	2051	162,768	156,048	162,000	156,000
1985	67	2052	163,944	156,984	165,000	156,000
1986	67	2053	165,096	157,896	165,000	159,000
1987	67	2054	166,116	158,676	165,000	159,000
1988	67	2055	167,004	159,324	168,000	159,000
1989	67	2056	167,736	159,816	168,000	160,200
1990	67	2057	168,360	160,200	168,600	160,200
1991+	67	2058+	168,600		168,600	

PBGC premiums, guaranteed benefits and maximum present value

PBGC has [announced](#) inflation-adjusted premium rates and the variable-rate premium cap. The SECURE 2.0 Act of 2022 ([Division T of Pub. L. No. 117-328](#)) eliminated inflationary indexing on the variable rate premium, but all other premium amounts — including the per-participant variable-rate premium cap — are indexed annually for wage inflation.

PBGC also has [announced](#) that the maximum guaranteed benefit at age 65 for terminating plans will rise to \$85,295 in 2024 from \$81,000 in 2023. This amount is determined using the Social Security “old law” contribution and benefit base (see [Social Security and SSI amounts](#)). The maximum guaranteed benefit is adjusted if benefit payments start before (or after) age 65 or are paid in a form other than a single-life annuity. Some of the guaranteed amount may be paid from plan assets, and participants may receive more if the plan is better funded or PBGC can recover other amounts from the plan sponsor.

PBGC amount	2024	2023	2022
Flat-rate premium — single-employer plans	\$101	\$96	\$88
Flat-rate premium — multiemployer plans	37	35	32
Variable-rate premium per \$1,000 of unfunded vested benefits*	52	52	48
Per-participant variable-rate premium cap	686	652	598
Annual maximum guaranteed benefit (payable as a single-life annuity starting at age 65)	85,295	81,000	74,455

*Not indexed after 2023

PBGC has [published](#) the 2024 present value of the maximum guarantee table. These values are used to administer IRC Section 436 restrictions on lump sums and other accelerated payments from underfunded plans. Plans at least 60% but less than 80% funded may only pay lump sums (or other accelerated distributions) up to the lesser of (i) 50% of the present value of the benefit otherwise payable or (ii) the present value of the participant's PBGC maximum guarantee. Plans subject to the restrictions must use the 2024 table for annuity starting dates in 2024, regardless of the plan year.

The present values decreased significantly from 2023 levels despite the increase in the age-65 maximum guaranteed benefit. The drop in present value resulted mainly from the increase in interest rates (August 2023 IRC Section 417(e) lump sum segment rates of 5.45%, 5.52%, and 5.43% vs. the August 2022 rates of 3.79%, 4.62%, and 4.69%) and to a lesser extent from the update in the Section 417(e) mortality table.

The next table shows the present values for 2024 and the two prior years. [Tables](#) of present values for every year back to 2008 are available on the PBGC website, along with downloadable Excel tables.

Age	Present value of PBGC maximum guarantee			Age	Present value of PBGC maximum guarantee		
	2024*	2023†	2022§		2024*	2023†	2022§
25	\$152,250	\$165,072	\$310,890	56	\$612,090	\$677,502	\$863,380
26	159,404	172,703	320,653	57	646,646	710,900	893,271
27	166,493	180,244	330,723	58	683,442	746,152	924,061
28	173,511	187,691	341,112	59	722,670	783,405	955,827
29	180,450	195,038	351,830	60	764,535	822,825	988,660
30	187,308	202,279	362,888	61	809,490	866,940	1,028,142
31	194,079	210,563	374,300	62	863,348	913,219	1,067,809
32	200,756	220,494	386,077	63	920,643	961,863	1,107,766
33	207,335	230,897	398,233	64	974,380	1,016,066	1,148,162
34	213,810	241,796	410,779	65	1,024,251	1,067,191	1,189,022
35	220,173	253,214	423,729	66	1,100,252	1,145,430	1,270,985
36	233,720	265,176	437,095	67	1,180,552	1,228,031	1,356,977
37	247,068	277,708	450,889	68	1,273,577	1,323,796	1,456,589
38	260,199	290,838	465,126	69	1,377,555	1,430,856	1,567,577
39	273,100	304,594	479,822	70	1,490,660	1,547,320	1,687,681
40	285,756	319,006	494,990	71	1,685,942	1,748,897	1,898,943
41	298,148	334,108	510,650	72	1,865,050	1,933,403	2,089,626
42	310,253	349,934	526,816	73	2,027,623	2,100,536	2,259,633
43	322,055	366,518	543,510	74	2,173,411	2,250,042	2,408,927
44	333,533	383,902	560,750	75	2,302,301	2,381,794	2,537,641
45	344,663	402,126	578,561	76	2,705,503	2,796,801	2,965,213
46	369,096	421,648	601,805	77	3,068,366	3,169,228	3,343,502
47	392,894	442,098	625,517	78	3,391,022	3,499,194	3,673,339
48	416,012	463,524	649,714	79	3,673,905	3,787,100	3,955,911
49	438,408	485,980	674,411	80	3,917,795	4,033,671	4,192,727
50	460,031	509,522	699,628	81	4,910,951	5,047,823	5,221,335
51	480,840	534,212	725,389	82	5,788,482	5,939,083	6,113,857
52	500,790	560,111	751,707	83	6,554,514	6,712,384	6,877,479

Age	Present value of PBGC maximum guarantee			Age	Present value of PBGC maximum guarantee		
	2024*	2023†	2022‡		2024*	2023†	2022‡
53	\$520,396	\$587,298	\$778,622	84	\$7,210,590	\$7,370,266	\$7,517,070
54	549,157	615,854	806,166	85	7,763,169	7,920,664	8,042,600
55	579,663	645,873	834,382				

* Present value determined using August 2023 lump sum segment rates of 5.45%, 5.52% and 5.43%.
 † Present value determined using August 2022 lump sum segment rates of 3.79%, 4.62% and 4.69%.
 ‡ Present value determined using August 2021 lump sum segment rates of 0.66%, 2.50% and 3.12%.

Saver's credit

Notice 2023-75 provides adjusted gross income (AGI) levels at which a “saver’s credit” is available for employee contributions to a qualified retirement plan or IRA. All AGI levels at which employee contributions to a qualified retirement plan or an IRA qualify for the saver’s credit increased due to the 5.4% increase in the average chained CPI for the 12 months ending Aug. 31, 2023.

Saver's credit AGI limits (IRC § 25B)	2024	2023	2022
50% saver's credit if AGI is no more than specified amount			
Married filing jointly	\$46,000	\$43,500	\$41,000
Head of household	34,500	32,625	30,750
Other filing status	23,000	21,750	20,500
20% saver's credit if AGI exceeds limit for 50% credit but is no more than specified amount			
Married filing jointly	50,000	47,000	44,000
Head of household	37,500	35,625	33,000
Other filing status	25,000	23,750	22,000
10% saver's credit if AGI exceeds limit for 20% credit but is no more than specified amount			
Married filing jointly	76,500	73,000	68,000
Head of household	57,375	54,750	51,000
Other filing status	38,250	36,500	34,000

Traditional and Roth IRA limits

All indexed traditional and Roth IRA limits will increase for 2024, due to the 5.4% increase in the chained CPI for the 12 months ending Aug. 31, 2023. The catch-up contribution limit isn't annually adjusted. The

AGI thresholds for spouses filing separately are set to \$0. The next table summarizes the 2024 IRA limits announced by IRS, along with the limits for the previous two years.

Traditional and Roth IRA limits	2024	2023	2022
Traditional IRA deduction limits (IRC §§ 219(b)(5) and 219(g)(3)(B))			
IRA maximum deductible amount	\$7,000	\$6,500	\$6,000
IRA catch-up contribution limit (age ≥ 50)*	1,000	1,000	1,000
Modified AGI threshold for determining deductible IRA contributions for active participants in qualified plans			
Married filing jointly or qualifying widow(er)	123,000	116,000	109,000
Married filing separately*	0	0	0
Single or head of household	77,000	73,000	68,000
Spouse (but not taxpayer making IRA contribution) is active participant	230,000	218,000	204,000
Roth IRA contribution limits (IRC § 408A(c)(3)(B)(ii))			
AGI for determining maximum Roth IRA contribution			
Married filing jointly or qualifying widow(er)	230,000	218,000	204,000
Married filing separately*	0	0	0
Other filing status	146,000	138,000	129,000

* Limit is not adjusted for cost-of-living changes.

Health and fringe benefit limits

Every fall, IRS updates the annual Code limits for certain health and fringe benefits, including health flexible spending arrangements (FSAs), qualified small-employer health reimbursement arrangements (QSEHRAs), qualified long-term care (LTC) policies and qualified transportation fringe benefits and adoption assistance programs. COLAs for health savings accounts (HSAs), high-deductible health plans (HDHPs) and excepted-benefit HRAs are announced earlier in the year. Annually adjusted limits also apply to certain Affordable Care Act (ACA) cost-sharing features of nongrandfathered group health plans, employer shared-responsibility (play-or-pay) assessments and individual eligibility for premium tax credits (PTCs).

Health FSA, excepted-benefit HRA, QSEHRA and LTC limits

IRS Rev. Proc. 2023-34 gives the 2024 contribution and benefit limits for health FSAs, QSEHRAs and qualified LTC policies. Most of these limits have increased from 2023 as a result of the 5.4% increase in the average chained CPI-U for the 12 months ending Aug. 31, 2023. The qualified LTC premium and per

diem limits reflect the 1.3% decrease in the medical care component of average chained CPI-U, and have dropped slightly from 2023.

IRS [Rev. Proc. 2023-23](#) gives the 2024 maximum employer contribution for excepted-benefit HRAs. That limit reflects the 7.2% increase in the average chained CPI-U for the 12 months ending March 31, 2023. Following on the heels of 2022's 6.2% increase, this limit has increased by nearly 14% in the two years from 2022 to 2024, after applying the Code's rounding rules.

This table shows the 2024 adjusted amounts for health FSAs, excepted-benefit HRAs, QSEHRAs and qualified LTC policies, along with the limits for 2023 and 2022, reflecting the Code's rounding rules. The health FSA carryover limits shown reflect the maximum unused funds that can carry over to the next plan year.

Health FSA, excepted-benefit HRA, QSEHRA and LTC limits	2024	2023	2022
Health FSA limit (IRC § 125(i))			
Maximum salary reduction contribution	\$3,200	\$3,050	\$2,850
Maximum carryover	640	610	570
Excepted-benefit HRA limit (26 CFR § 54.9831-1(c)(3)(viii)(B)(1))			
Maximum employer contribution	2,100	1,950	1,800
QSEHRA limit (IRC § 9831(d))			
Maximum annual benefit			
Self-only coverage	6,150	5,850	5,450
Family coverage	12,450	11,800	11,050
Qualified LTC policy limits (IRC § 213(d)(10) and 7702B(d)(4))			
Premium limits at age:			
40 or younger	470	480	450
41-50	880	890	850
51-60	1,760	1,790	1,690
61-70	4,710	4,770	4,510
Older than 70	5,880	5,960	5,640
Per diem limit	410	420	390

Qualified transportation fringe benefits and adoption assistance programs

The next table shows the 2024 adjusted figures for qualified transportation fringe benefits and adoption assistance programs set by [Rev. Proc. 2023-34](#), along with 2023 and 2022 amounts. The limits reflect the 5.4% increase in the average chained CPI for the 12 months ending Aug. 31, 2023. After applying the Code's rounding rules, all limits have increased significantly since 2023.

Qualified transportation and adoption assistance limits	2024	2023	2022
Tax-free qualified transportation fringe benefits (IRC § 132(f))			
Monthly qualified parking, transit passes or commuter highway vehicle benefit	\$315	\$300	\$280
Qualified adoption assistance programs (IRC § 137)			
Exclusion for child with special needs (regardless of expenses incurred)	16,810	15,950	14,890
Aggregate dollar limit for all tax years (child without special needs)	16,810	15,950	14,890
Phaseout begins at modified AGI of	252,150	239,230	223,410
Phaseout completed at modified AGI of	292,150	279,230	263,410

HSA and HDHP limits

IRS [Rev. Proc. 2023-23](#) gives the 2024 inflation-adjusted amounts for HSA contributions, HDHP deductibles and HDHP in-network out-of-pocket (OOP) maximums. The limits reflect the 7.2% increase in the average chained CPI-U for the 12 months ending March 31, 2023. The 2024 tax-deductible/tax-free HSA contribution limits, HDHP in-network OOP maximums and HDHP minimum annual deductibles have increased for both self-only and family coverage. The HSA catch-up contribution limit is set by statute and hasn't changed since 2009. The 2024 HDHP OOP maximums are lower than the corresponding [ACA limits for nongrandfathered group health plans](#). The following table shows the IRS limits for 2024 and the previous two years.

HSA and HDHP limits (IRC § 223)	2024	2023	2022
Self-only coverage			
Maximum tax-deductible/tax-free HSA contribution	\$4,150	\$3,850	\$3,650
HDHP minimum annual deductible	1,600	1,500	1,400
HDHP out-of-pocket maximum	8,050	7,500	7,050

HSA and HDHP limits (IRC § 223)	2024	2023	2022
Family coverage			
Maximum tax-deductible/tax-free HSA contribution	\$8,300	\$7,750	\$7,300
HDHP minimum annual deductible	3,200	3,000	2,800
HDHP out-of-pocket maximum	16,100	15,000	14,100
HSA catch-up contribution limit (age ≥ 55)*	1,000	1,000	1,000

* Limit is set by statute and is not indexed.

ACA nongrandfathered group health plan out-of-pocket maximum

The ACA limits annual OOP costs for essential health benefits under nongrandfathered group health plans (unless they provide only excepted benefits, such as limited-scope dental or vision coverage). Unlike the CPI-based adjustments to HDHP OOP maximums, annual adjustments to the ACA OOP limits reflect increases in the US average per-person employer-sponsored health insurance premium since 2013.

Nongrandfathered group health plans — including large-group and self-funded ones — with an annual OOP limit for family coverage exceeding the permitted self-only OOP limit must “embed” individual OOP limits at or below the ACA limit for self-only coverage.

CMS [published](#) the 2024 OOP limits on essential health benefits in December 2022. The OOP maximums apply on a plan-year basis, so the 2024 limits apply on the first day of the plan year starting in 2024. The table below shows the limits for 2022–2024. (In November 2023, CMS [published](#) the 2025 OOP limits of \$9,200 for self-only and \$18,400 for family coverage, representing a 2.6% decrease from the 2024 OOP limits. This will be the first time the OOP limit decreases year-over-year.)

ACA nongrandfathered group health plan out-of-pocket maximums	2024	2023	2022
Self-only coverage (and embedded individual maximum in family coverage)	\$9,450	\$9,100	\$8,700
Family coverage	18,900	18,200	17,400

ACA employer shared-responsibility (play-or-pay) assessments

Under the ACA’s employer play-or-pay requirement, employers can face one of two IRS assessments. One potential assessment under Section 4980H(a) applies to employers that don’t offer coverage to nearly all (95%) ACA full-time employees and their dependents. The other assessment under Section 4980H(b) applies to employers sponsoring coverage that either (i) isn’t offered to some ACA full-time employees or (ii) is offered but doesn’t meet ACA’s affordability or minimum-value standards. While the

4980H(a) assessment is calculated using an employer’s total number of ACA full-time employees, the 4980H(b) assessment applies per ACA full-time employee who receives subsidized coverage from a public exchange. IRS [Rev. Proc. 2023-17](#) gives the 2024 adjusted dollar amounts used to calculate employer play-or-pay assessments.

The next table shows the employer play-or-pay assessments for 2022–2024. Although the amounts shown are annual, the assessments are incurred and calculated monthly. (In November 2023, CMS [published](#) the 2025 premium adjustment percentage, allowing Mercer to project that the 2025 employer play-or-pay assessments will decrease to \$2,900/\$4,350. This will be the first time the play-or-pay assessment amounts decrease year-over-year.)

ACA employer play-or-pay assessments (IRC § 4980H)	2024	2023	2022
Not offering coverage (4980H(a))	\$2,970	\$2,880	\$2,750
Offering coverage lacking minimum value or affordability (4980H(b))	4,460	4,320	4,120

ACA PTC eligibility and play-or-pay affordability percentages

Employers that don’t offer affordable, minimum-value health coverage to ACA full-time employees and their children risk play-or-pay assessments if any employee receives a PTC or cost-sharing subsidy for public exchange health coverage. Affordability depends on how much an employee must pay as a percentage of household income for self-only coverage under the lowest-cost employer option with minimum value. Initially set at 9.5% of household income for 2014, this limit is annually indexed to reflect premium growth relative to incomes over the past year.

The 2024 affordability limit is 8.39%, a significant decrease from 9.12% in 2023 ([Rev. Proc. 2023-29](#)). The table below shows the 2022–2024 limits, which determine an employee’s PTC eligibility. The same limit applies to employees’ spouses and dependents.¹

ACA premium tax credit eligibility and play-or-pay affordability percentages for employer coverage	2024	2023	2022
Top % of income for lowest-cost self-only coverage with minimum value	8.39%	9.12%	9.61%

While failure to offer affordable coverage creates the risk of play-or-pay assessments, most employers don’t know their employees’ household incomes. As a result, a safe harbor definition of affordability for employer play-or-pay assessment purposes limits the employee cost for self-only, minimum-value coverage from an employer to 9.5% (in 2014) of one of three monthly amounts: W-2 wages, rate of pay

¹ [IRS final rules](#) issued in October 2022 fix the so-called “family glitch” that based an employee’s family members’ PTC eligibility on the affordability of employee-only coverage. Starting in 2023, spouses and dependents of employees who are offered affordable self-only coverage but unaffordable family coverage can potentially qualify for PTCs. This change does not affect liability under the employer play-or-pay mandate or, according to IRS, employer reporting on Forms 1094/1095.

or the federal poverty line (FPL) for a single individual in the mainland US (the 48 contiguous states and Washington, DC). This percentage is indexed using the same ACA formula as the household income percentage ([Notice 2015-87, Q&A-12](#)).

For employers using the FPL safe harbor to determine play-or-pay affordability, the next table shows the maximum required employee contribution that satisfies the safe harbor in the 48 contiguous states and Washington, DC. Note that the adjusted affordability percentages in the table above, and thus the dollar amounts in the table below, apply on a plan-year, not calendar-year, basis. This means noncalendar-year plans beginning in 2023 continue to use the 2023 level of \$110.81/month to determine FPL affordability until their 2024 plan year starts.

ACA affordable monthly employee contribution limit for play-or-pay FPL safe harbor (48 contiguous states and Washington, DC)	2024	2023	2022
Calendar-year plans	\$101.94	\$103.28	\$103.15
Noncalendar-year plans	105.29	110.81	108.83

*Noncalendar-year plans may use the FPL in effect within six months before the first day of the plan year. HHS issued the 2024 [FPL guidelines](#) on Jan. 11, 2024. Noncalendar-year plans starting in 2024 benefit from using the higher 2024 FPL amounts.

Medicare premiums, coinsurance, deductibles and Rx subsidy

In October, CMS [released](#) the 2024 beneficiary premiums, deductibles and other cost-sharing amounts for Medicare Parts A and B. [Part A](#) monthly premiums have remained basically flat, while annual deductible and coinsurance amounts have increase. The 2024 [Part B](#) annual deductible, standard monthly premium and income-adjusted monthly premiums paid by many individuals have increased. The 2024 [Part D](#) standard monthly premium, income-based premium adjustments and cost sharing have all increased.

Part A — Hospital insurance

Medicare Part A beneficiaries are subject to a deductible for inpatient hospital stays. If hospitalized more than 60 days, beneficiaries also must pay daily coinsurance, which varies by the length of the stay. Beneficiaries who receive services in a skilled nursing facility are subject to separate daily coinsurance.

Although most individuals qualify for premium-free Part A coverage, those who don't have enough quarters of Medicare [covered employment](#) must pay monthly premiums. The Part A premium depends on how many covered quarters a beneficiary has and whether Medicare enrollment is due to age (such as seniors aged 65 and older) or disability. The next table shows the Part A deductibles, coinsurance amounts and premiums for 2022–2024. (For more details on how these amounts are calculated, see the CMS notices on the [Part A premium](#) and [Part A deductible and coinsurance](#).)

Part A — Hospital insurance	2024	2023	2022
Hospital inpatient deductible	\$1,632.00	\$1,600.00	\$1,556.00
Hospital daily coinsurance			
Days 61–90	408.00	400.00	389.00
Lifetime reserve days	816.00	800.00	778.00
Skilled nursing facility daily coinsurance	204.00	200.00	194.50
Monthly premium			
Seniors and certain people with disabilities under age 65 with fewer than 30 quarters of coverage	505.00	506.00	499.00
Seniors with 30–39 quarters of coverage and certain people with disabilities who have at least 30 quarters of coverage	278.00	278.00	274.00

Part B — Medical insurance

Medicare beneficiaries with Part B coverage pay monthly premiums and an annual deductible. People in higher-income brackets pay higher premiums on a graduated scale that increases with annual income. An annually updated CMS notice on [Part B premiums and deductibles](#) gives details on how these amounts are calculated.

This table shows the Part B annual deductible and standard monthly premium for 2022–2024.

Part B — Medical insurance	2024	2023	2022
Annual deductible	\$240.00	\$226.00	\$233.00
Standard monthly premium	174.70	164.90	170.10

The next table lists the Part B monthly premiums for 2022–2024, including the income-adjusted premiums for higher-income beneficiaries. The AGI thresholds for most Part B income-related monthly adjustment amounts started increasing with inflation in 2021 (the top bracket will be adjusted for inflation starting in 2028).

Part B — Medical insurance monthly premiums					
2024		2023		2022	
Annual income	Monthly premium	Annual income	Monthly premium	Annual income	Monthly premium
Single					
\$0 – \$103,000*	\$174.70	\$0 – \$97,000*	\$164.90	\$0 – \$91,000*	\$170.10
103,001 – 129,000	244.60	97,001 – 123,000	230.80	91,001 – 114,000	238.10
129,001 – 161,000	349.40	123,001 – 153,000	329.70	114,001 – 142,000	340.20
161,001 – 193,000	454.20	153,001 – 183,000	428.60	142,001 – 170,000	442.30
193,001 – 499,999	559.00	183,001 – 499,999	527.50	170,001 – 499,999	544.30
500,000 or more	594.00	500,000 or more	560.50	500,000 or more	578.30
Married filing jointly					
\$0 – \$206,000*	174.70	\$0 – \$194,000*	164.90	\$0 – \$182,000*	170.10
206,001 – 258,000	244.60	194,001 – 246,000	230.80	182,001 – 228,000	238.10
258,001 – 322,000	349.40	246,001 – 306,000	329.70	228,001 – 284,000	340.20
322,001 – 386,000	454.20	306,001 – 366,000	428.60	284,001 – 340,000	442.30
386,001 – 749,999	559.00	366,001 – 749,999	527.50	340,001 – 749,999	544.30
750,000 or more	594.00	750,000 or more	560.50	750,000 or more	578.30
Married filing separately					
\$0 – \$103,000*	174.70	0 – \$97,000*	164.90	\$0 – \$91,000*	170.10
103,001 – 396,999	559.00	97,001 – 402,999	527.50	91,001 – 408,999	544.30
397,000 or more	594.00	403,000 or more	560.50	409,000 or more	578.30

* Income bracket for most beneficiaries

Part D — Outpatient prescription drug coverage

Medicare Part D’s outpatient prescription drug coverage requires enrollees to pay premiums, deductibles and copayments, which are indexed each year to reflect changes in Medicare beneficiaries’ average total drug expenses. Annual indexing also applies to the retiree drug subsidy (RDS), which reimburses a portion of retiree drug plan sponsors’ expenses for individuals who are eligible for but not enrolled in a Part D plan. Rather than continue in the RDS program, many employers have turned to employer group waiver plans (EGWPs) for greater cost savings due to ACA provisions. The next table summarizes 2022–2024 Part D standard [benefits](#), [RDS benefits](#) and the [monthly Part D base premium](#).

Part D benefits and RDS amounts	2024	2023	2022
Standard Part D benefit			
Deductible	\$545.00	\$505.00	\$480.00
Initial coverage limit	5,030.00	4,660.00	4,430.00
Out-of-pocket threshold	8,000.00	7,400.00	7,050.00
Total covered Part D drug out-of-pocket threshold: out-of-pocket threshold + 75% (initial coverage limit – deductible)	11,477.39	10,516.25	10,012.50
Minimum cost-sharing for catastrophic coverage*			
Generic/preferred	N/A	4.15	3.95
Other	N/A	10.35	9.85
Retiree drug subsidy (RDS)			
Cost threshold (Part D deductible)	545.00	505.00	480.00
Cost limit	11,200.00	10,350.00	9,850.00
Maximum subsidy per retiree: 28% × (cost limit – cost threshold)	2,983.40	2,756.60	2,623.60
Monthly Part D premium			
Base beneficiary premium (national average Part D premium)	34.70	32.74	33.37

* The Inflation Reduction Act of 2022 eliminated Part D cost-sharing for catastrophic coverage starting in 2024.

As required by the ACA, the Part D program charges higher premiums to higher-income enrollees. The usual monthly premium is paid to the plan; the added amount (or “adjustment”) for higher-income beneficiaries is deducted from an enrollee’s Social Security benefits and paid to Medicare. The next table summarizes 2022–2024 monthly Part D [premium adjustments](#) for different annual income tiers. The AGI thresholds for most Part D income-related monthly adjustments started increasing with inflation in 2020 (the top bracket will be adjusted for inflation starting in 2028).

Part D income-related monthly adjustment amounts					
2024		2023		2022	
Annual income	Monthly adjustment amount	Annual income	Monthly adjustment amount	Annual income	Monthly adjustment amount
Single					
\$0 – \$103,000*	\$0.00	\$0 – \$97,000*	\$0.00	\$0 – \$91,000*	\$0.00
103,001 – 129,000	12.90	97,001 – 123,000	12.20	91,001 – 114,000	12.40
129,001 – 161,000	33.30	123,001 – 153,000	31.50	114,001 – 142,000	32.10
161,001 – 193,000	53.80	153,001 – 183,000	50.70	142,001 – 170,000	51.70
193,001 – 499,999	74.20	183,001 – 499,999	70.00	170,001 – 499,999	71.30
500,000 or more	81.00	500,000 or more	76.40	500,000 or more	77.90
Married filing jointly					
0 – 206,000*	0.00	0 – 194,000*	0.00	0 – 182,000*	0.00
206,001 – 258,000	12.90	194,001 – 246,000	12.20	182,001 – 228,000	12.40
258,001 – 322,000	33.30	246,001 – 306,000	31.50	228,001 – 284,000	32.10
322,001 – 386,000	53.80	306,001 – 366,000	50.70	284,001 – 340,000	51.70
386,001 – 749,999	74.20	366,001 – 749,999	70.00	340,001 – 749,999	71.30
750,000 or more	81.00	750,000 or more	76.40	750,000 or more	77.90
Married filing separately					
0 – 103,000*	0.00	0 – 97,000*	0.00	0 – 91,000*	0.00
103,001 – 396,999	74.20	97,001 – 402,999	70.00	91,001 – 408,999	71.30
397,000 or more	81.00	403,000 or more	76.40	409,000 or more	77.90

* Income bracket for most beneficiaries

Social Security and SSI amounts

On Oct. 12, 2023, SSA [announced](#) a 3.2% cost-of-living increase for 2024 benefits, reflecting the change in the third-quarter CPI for Urban Wage Earners and Clerical Workers (CPI-W) from 2022 to 2023. Other 2024 Social Security amounts are tied to the 5.32% increase in [average annual wages](#) from 2021 to 2022. The next table shows key Social Security values for 2022–20234 from SSA’s 2023 [fact sheet](#) and [automatic determinations](#) webpage.

Social Security and SSI values	2023	2022	2021
Cost-of-living increase	3.2%	8.7%	5.9%
Average annual wage (second preceding year)	\$63,795.13	\$60,575.07	\$55,628.60
OASDI contribution and benefit base (wage base)	168,600	160,200	147,000
“Old law” contribution and benefit base	125,100	118,000	109,200
Retirement earnings test exempt amount (annual)			
Under full retirement age (full year)	22,320	21,240	19,560
Year individual reaches full retirement age (period before attaining full retirement age)	59,520	56,520	51,960
Wages needed for a quarter of coverage	1,730	1,640	1,510
Disability thresholds (monthly amounts)			
Substantial gainful activity — not blind	1,550	1,470	1,350
Substantial gainful activity — blind	2,590	2,460	2,260
Trial work period	1,110	1,050	970
Coverage thresholds for			
Domestic employees	2,700	2,600	2,400
Election workers	2,300	2,200	2,000
Bend points — primary insurance amount (PIA) formula applied to average indexed monthly earnings (AIME)			
90% of AIME up to 32% of AIME over first bend point	1,174	1,115	1,024
32% of AIME over first bend point up to 15% of AIME over second bend point	7,078	6,721	6,172
Bend points — maximum family benefit formula applied to worker’s PIA			
150% of PIA up to 272% of PIA over first bend point	1,500	1,425	1,308
272% of PIA over first bend point up to 134% of PIA over second bend point	2,166	2,056	1,889
134% of PIA over second bend point up to 175% of PIA over third bend point	2,825	2,682	2,463
SSI federal payment standard (monthly amounts)			
Individual	943	914	841
Couple	1,415	1,371	1,261

Social Security and SSI values	2023	2022	2021
SSI student exclusion limits			
Monthly limit	2,290	\$2,220	\$2,040
Annual limit	9,230	8,950	8,230

Related resources

Non-Mercer resources

- [Poverty guidelines](#) (HHS)
- [Covered employment for Social Security credits](#) (SSA)
- [National average wage index](#) (SSA)
- [Social Security amounts determined by automatic adjustment](#) (SSA)
- [Chained Consumer Price Index for All Urban Consumers](#) (Bureau of Labor Statistics)
- [CC RI 24-01](#) (Puerto Rico Treasury, Jan. 31, 2024)
- [Rev. Rul. 2024-1](#) (IRS, Dec. 18, 2023)
- [Premium adjustment percentage, maximum annual limitation on cost sharing, reduced maximum annual limitation on cost sharing, and required contribution percentage for the 2025 benefit year](#) (CMS, Nov. 15, 2023)
- [Rev. Proc. 2023-34](#), 2024 limits for health FSAs; QSEHRAs; and qualified LTC policies, transportation fringe benefits and adoption assistance programs (IRS, Nov. 14, 2023)
- [IRS provides tax inflation adjustments for tax year 2024](#) (IRS, Nov. 9, 2023)
- [Notice 2023-75](#), 2023 contribution and benefit limits for qualified retirement plans (IRS, Nov. 1, 2023)
- [Present value of PBGC maximum guarantee and spreadsheet](#) (PBGC, Oct. 30, 2023)
- [Maximum monthly guaranteed benefit tables for single-employer plans in 2024 and earlier years](#) (PBGC, Oct. 20, 2023)
- [Medicare Part A premiums for 2024](#) (Federal Register, Oct. 17, 2023)
- [Medicare Part A inpatient hospital deductible and hospital and extended care services coinsurance amounts for 2024](#) (Federal Register, Oct. 17, 2023)
- [Medicare Part B monthly actuarial rates, premium rates and annual deductible for 2024](#) (Federal Register, Oct. 17, 2023)

- [Premium rates for 2024 and earlier years](#) (PBGC, Oct. 13, 2023)
- [Fact sheet, 2024 Social Security changes](#) (SSA, Oct. 12, 2023)
- [2024 Medicare Parts A & B premiums and deductibles](#) (CMS, Oct. 12, 2023)
- [Rev. Proc. 2023-29, 2024 employer shared-responsibility affordability percentage](#) (IRS, Aug 23, 2023)
- [Annual release of Part D national average bid amount and other Part C & D bid information](#) (CMS, July 31, 2023)
- [Rev. Proc. 2023-23, 2024 inflation-adjusted HSA, HDHP and employer contribution limit for excepted-benefit HRA amounts](#) (IRS, May 16, 2023)
- [RDS cost threshold and cost limit by plan year](#) (CMS, April 18, 2023)
- [Announcement of calendar-year 2024 Medicare Advantage capitation rates and Part C and Part D payment policies](#) (CMS, March 31, 2023)
- [Rev. Proc. 2023-17, 2024 employer shared-responsibility indexed assessments](#) (IRS, March 9, 2023)
- [Premium adjustment percentage, maximum annual limitation on cost sharing, reduced maximum annual limitation on cost sharing and required contribution percentage for the 2024 benefit year](#) (CMS, Dec. 12, 2022)
- [Rev. Rul. 2022-24](#) (IRS, Dec. 8, 2022)
- [Final rule, Affordability of employer coverage for family members of employees](#) (Federal Register, Oct. 13, 2022)
- [Q&A-55 on ACA employer shared-responsibility provisions — assessments](#) (IRS, Aug. 16, 2022)
- [Q&A-40 on ACA employer shared-responsibility provisions — affordability percentage](#) (IRS, Aug. 16, 2022)
- [Notice 2015-87](#) (IRS, Dec. 16, 2015)

Mercer Law & Policy resources

- [2024 federal poverty levels can impact ESR affordability](#) (Jan. 17, 2024)
- [2024 quick benefit facts](#) (Jan. 17, 2024)
- [2024 health FSA, other health and fringe benefit limits now set](#) (Nov. 10, 2023)
- [2024 Social Security, PBGC, projected covered compensation figures](#) (Nov. 3, 2023)
- [2024 retirement plan limits now set](#) (Nov. 2, 2023)

- [2024 affordability percentage for employer health coverage drops](#) (Aug. 23, 2023)
- [2024 transportation and health FSA limits projected](#) (Aug 15, 2023)
- [2024 HSA, HDHP and excepted-benefit HRA figures set](#) (May 16, 2023)
- [Mercer projects 2024 HSA, HDHP and excepted-benefit HRA figures](#) (Feb. 15, 2023)

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