

Law &amp; Policy Group

**GRIST**

# 2021 transportation, health FSA and Archer MSA limits projected

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Mercer has projected 2021 limits for qualified transportation (parking and transit) benefits, health flexible spending arrangements (FSAs) and Archer medical savings accounts (MSAs). These unofficial 2021 limits are determined using the Internal Revenue Code (IRC)'s cost-of-living adjustment methods, [chained Consumer Price Index for All Urban Consumers](#) (chained CPI) values through July and Mercer's projected chained CPI for August. IRS is expected to announce the official 2021 limits for these benefits in October.

Limits for adoption assistance programs are also based on chained CPI for the 12-month period ending Aug. 31, 2020, but can't be reliably estimated in advance due to the small rounding threshold. IRS usually announces these limits in October, along with long-term care limits (based on the medical component of chained CPI for August).

## Qualified transportation, health FSA and Archer MSA limits

Limits for qualified transportation fringe benefits and health FSAs are expected to stay the same in 2021. Archer MSA limits are expected to increase slightly.

Qualified transportation, health FSA and Archer MSA limits	Projected 2021	2020
<b>Tax-free qualified transportation fringe benefits (IRC § 132(f))</b>		
Qualified parking, transit passes or commuter highway vehicles	\$270	\$270
<b>Health FSA limit (IRC § 125(i))</b>		
Maximum salary reduction contribution	2,750	2,750

Qualified transportation, health FSA and Archer MSA limits	Projected 2021	2020
<b>Archer MSA limits (IRC § 220(c)(2))</b>		
Self-only coverage		
Minimum annual deductible	\$2,400	\$2,350
Maximum annual deductible	3,600	3,550
Maximum out-of-pocket limit	4,800	4,750
Family coverage		
Minimum annual deductible	4,800	4,750
Maximum annual deductible	7,150	7,100
Maximum out-of-pocket limit	8,750	8,650

## Related resources

### Non-Mercer resources

- [Chained Consumer Price Index for All Urban Consumers](#) (Bureau of Labor Statistics)
- [Consumer Price Index — July 2020](#) (Bureau of Labor Statistics, Aug. 12, 2020)

### Mercer Law & Policy resources

- [Affordable percentage will rise for employer health coverage in 2021](#) (July 22, 2020)
- [2021 ACA out-of-pocket maximums, ESR penalties, other changes ahead](#) (June 3, 2020)
- [IRS offers relief to cafeteria plans, HDHPs, individual-coverage HRAs](#) (May 28, 2020)
- [2021 health savings account, high-deductible health plan figures set](#) (May 20, 2020)
- [2020 quick benefit facts](#) (Jan. 27, 2020)
- [Summary of 2020 benefit-related cost-of-living adjustments](#) (Jan. 27, 2020)

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