

Law & Policy Group

# 2021 quick benefit facts

## Retirement plan limits

	2021	2020	2019
<b>Qualified retirement plan limits</b>			
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
<b>Traditional IRA limits</b>			
IRA maximum deductible amount	\$6,000	\$6,000	\$6,000
IRA catch-up contribution limit	\$1,000	\$1,000	\$1,000
<b>PBGC premiums for single-employer plans</b>			
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
<b>Social Security</b>			
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
<b>Tax-free qualified transportation fringe benefits</b>			
Monthly qualified parking, transit passes or commuter highway vehicle	\$270	\$270	\$265
<b>Health FSA and excepted-benefit HRA limits</b>			
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
<b>HSA and HDHP limits</b>			
<b>Self-only coverage</b>			
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
<b>Family coverage</b>			
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
<b>HSA catch-up contribution limit</b>	\$1,000	\$1,000	\$1,000
<b>ACA nongrandfathered group health plan out-of-pocket maximums</b>			
Self-only coverage (and embedded individual maximum in family coverage)	\$8,550	\$8,150	\$7,900
Family coverage	\$17,100	\$16,300	\$15,800
<b>ACA play-or-pay assessments</b>			
Not offering coverage	\$2,700	\$2,570	\$2,500
Offering coverage lacking minimum value or affordability	\$4,060	\$3,860	\$3,750
<b>ACA affordable monthly employee contribution limit for play-or-pay FPL safe harbor (48 contiguous states and Washington, DC)</b>			
Calendar-year plans	\$104.53	\$101.79	\$99.75
Noncalendar-year plans	\$105.51	\$103.99	\$102.63
<b>ACA affordability percentages for employer coverage</b>			
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.