HSA/HDHP Limits Increase for 2021



Important Dates



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.

On May 20, 2020, the IRS released [Revenue Procedure 2020-32](https://www.irs.gov/pub/irs-drop/rp-20-32.pdf) 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.

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.



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.

**are enforced.**

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