

IRS Reduces 2018 HSA Contribution Limit

On March 5, 2018, the IRS announced a reduction in the amount that an individual with family coverage under a high deductible health plan (“HDHP”) can contribute to a health savings account (“HSA”) for 2018. The lowering of the contribution limit, announced in Revenue Procedure 2018-18, is made to reflect statutory amendments included in recent Budget Act reconciliation legislation.

The 2018 contribution limit that the IRS previously announced was \$6,900. The revised limit is \$6,850, which is \$50 less. All of the other HSA limits remain the same for 2018, as indicated in the table below.

Many employers allow employees covered under an HDHP to make HSA contributions on a pre-tax payroll deduction basis. HSA elections for 2018 will already have been made. As such, employers will need to adjust the payroll deductions for those employees who elected to make the maximum contributions so as not to exceed the reduced contribution limit.

| 2018 Health Savings Account Limits | | |
|---|-----------------------|----------------------|
| | Original Limit | Revised Limit |
| Annual HSA contribution limit | | |
| Self-only coverage | \$3,450 | \$3,450 |
| Family coverage | \$6,900 | \$6,850 |
| Catch-up contribution | \$1,000 | \$1,000 |
| Out-of-pocket spending limit | | |
| Self-only coverage | \$6,550 | \$6,650 |
| Family coverage | \$13,100 | \$13,300 |
| Minimum annual deductible | | |
| Self-only coverage | \$1,350 | \$1,350 |
| Family coverage | \$2,700 | \$2,700 |

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