



2022 Inflation Adjustments

Following recent announcements by both the IRS and the Social Security Administration, we now know most of the dollar amounts that employers will need in order to administer their benefit plans for 2022. The key dollar amounts for retirement plans and individual retirement accounts (IRAs) are shown on the [front side](#) of our 2022 limits card.

The [reverse side](#) of the card shows a number of dollar amounts that employers will need to know in order to administer health flexible spending accounts (FSAs), health savings accounts (HSAs), and high-deductible health plans (HDHPs), as well as health plans that are not grandfathered under the Affordable Care Act.

Some of the new numbers are substantially higher than their 2021 counterparts. For instance, the Section 415 limit on annual additions to a participant's account will increase from \$58,000 to \$61,000, and the annual compensation limit will increase from \$290,000 to \$305,000. The annual 401(k), 403(b), or 457(b) deferral limit will increase from \$19,500, to \$20,500. The annual retirement plan catch-up contribution limit will remain \$6,500.

The annual compensation threshold used to identify highly compensated employees (HCEs) will increase from \$130,000 to \$135,000 for 2022. Because the 2022 limit will not become relevant until 2023 – when employers “look back” at their employees’ 2022 compensation – employers should consider their employees’ 2021 compensation when identifying HCEs for 2022 (as well as 5% owners during either 2021 or 2022).

The annual limit on IRA contributions (whether traditional or Roth) will remain the same at \$6,000, including the annual limit on IRA catch-up contributions, which will remain \$1,000. The Social Security taxable wage base (important for retirement

plans that are “integrated” with Social Security) will increase from \$142,800 to \$147,000.

The maximum contribution to an HSA will increase slightly from \$3,600 to \$3,650 for *individual* coverage, and from \$7,200 to \$7,300 for *family* coverage. The maximum HSA catch-up contribution will remain \$1,000.

The minimum deductible for any HDHP (which must accompany any HSA) will remain \$1,400 for *individual* coverage, and \$2,800 for *family* coverage. For 2022, the limit on total annual HDHP out-of-pocket expenses (deductibles, co-payments, and other amounts – but not premiums) will increase slightly to \$7,050 for *self-only* coverage, and \$14,100 for *family* coverage.

The 2022 maximum out-of-pocket limits for “essential health benefits” provided under all non-grandfathered health plans will increase from \$8,550 to \$8,700 for *individual* coverage, and from \$17,100 to \$17,400 for *family* coverage. Because the out-of-pocket limits for essential health benefits are adjusted using the “premium adjustment percentage” calculated by the Department of Health and Human Services, and the maximum HDHP out-of-pocket expense is adjusted on the basis of the Consumer Price Index, it is not unusual to see a more significant change in the out-of-pocket limits for essential health benefits.

The limit on employee deferrals to health FSAs in 2022 will increase to \$2,850. This limit applies only to salary reduction contributions under a health FSA, and *not* to employer contributions. For this purpose, however, any employer FSA contributions that could have been received in cash are treated as salary reduction contributions.

A laminated version of the 2022 limits card is available upon request. To obtain one or more copies, please contact any member of our Employee Benefits Group. You also can contact the Spencer Fane Marketing Department at 816-474-8100 or marketing@spencerfane.com.