



2024 Inflation Adjustments

The IRS recently announced the dollar amounts that employers will need to know in order to administer their benefit plans for 2024. The key dollar amounts for retirement plans and individual retirement accounts (IRAs) are shown on the [front side](#) of our 2024 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 non-grandfathered health plans subject to the Affordable Care Act.

As expected, most of the new numbers are higher than their 2023 counterparts. For instance, the Section 415 limit on annual additions to a participant's defined contribution retirement plan account will increase from \$66,000 to \$69,000, and the annual compensation limit will increase from \$330,000 to \$345,000. The annual 401(k), 403(b), or 457(b) deferral limit will increase from \$22,500, to \$23,000. The annual retirement plan catch-up contribution limit will remain the same at \$7,500.

The annual compensation threshold used to identify highly compensated employees (HCEs) will increase from \$150,000 to \$155,000 for 2024. Because the 2024 limit will not become relevant until 2025 – when employers “look back” at their employees’ 2024 compensation – employers should consider their employees’ 2023 compensation when identifying HCEs for 2024 (as well as 5% owners during either 2023 or 2024).

The annual limit on IRA contributions (whether traditional or Roth) will increase from \$6,500 to \$7,000. The annual limit on IRA catch-up contributions will remain \$1,000. The Social Security taxable wage base (important for retirement plans that are “integrated” with Social Security) will increase from \$160,200 to \$168,600.

The maximum contribution to an HSA will increase from \$3,850 to \$4,150 for individual coverage, and from \$7,750 to \$8,300 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 increase from \$1,500 to \$1,600 for individual coverage, and from \$3,000 to \$3,200 for family coverage. For 2024, the limit on total annual HDHP out-of-pocket expenses (deductibles, co-payments, and other amounts – but not premiums) will increase to \$8,050 for self-only coverage, and \$16,100 for family coverage.

The 2024 maximum out-of-pocket limits for “essential health benefits” provided under all non-grandfathered health plans will increase from \$9,100 to \$9,450 for individual coverage, and from \$18,200 to \$18,900 for family coverage. Because the out-of-pocket limits for essential health benefits are adjusted using the “premium adjustment percentage” calculated by the U.S. Department of Health and Human Services, and the maximum HDHP out-of-pocket expense is adjusted on the basis of the consumer price index, there is often a more significant change in the out-of-pocket limits for essential health benefits. However, for 2024 the increases are relatively consistent.

The limit on employee deferrals to health FSAs in 2024 will increase to \$3,200. 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. If the health FSA permits carryover of unused amounts, that amount is increased to \$640.

A laminated version of the Spencer Fane 2024 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 marketing@spencerfane.com.

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