

2021 Limits for Benefit Plans

Insights 11.25.20

The IRS has announced the 2021 dollar limits impacting retirement plans and IRAs. The agency also issued welfare plan limits, as well as ACA penalties. The chart below summarizes these 2021 figures along with the corresponding limits for both 2019 and 2020.

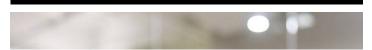
| Retirement Plan Limits | 2019 | 2020 | 2021 |
|---|-------------------------------------|-----------|-----------|
| Elective Salary Deferrals (401(k) & 403(b) & 457) | \$19,000 | \$19,500 | \$19,500 |
| SIMPLE Employee Deferrals | \$13,000 | \$13,500 | \$13,500 |
| Catch-Up Contribution (age 50 or older) | \$6,000 | \$6,500 | \$6,500 |
| SIMPLE Catch-Up Contributions | \$3,000 | \$3,000 | \$3,000 |
| Maximum Compensation | \$280,000 | \$285,000 | \$290,000 |
| Maximum Benefit for Defined Benefit Plan | \$225,000 | \$230,000 | \$230,000 |
| Maximum Annual Addition for Defined Contribution Plan | \$56,000 | \$57,000 | \$58,000 |
| Pay Threshold to Determine HCE | \$125,000 | \$130,000 | \$130,000 |
| Officer Pay Threshold To Determine Key Employee | \$180,000 | \$185,000 | \$185,000 |
| Social Security Taxable Wage Base (OASDI) | \$132,900 | \$137,700 | \$142,800 |
| SEP - Minimum Compensation | \$600 | \$600 | \$650 |
| ESOP – Determining the Length of the General Five-Year Distribution Period | \$225,000 | \$230,000 | \$230,000 |
| ESOP – Maximum Account Balance subject to Five-Year Distribution Period | \$1,130,000 \$1,150,000 \$1,165,000 | | |
| | | | |

| Traditional and Roth IRA Limits | 2019 | 2020 | 2021 |
|---|-------------|-------------|-------------|
| Contribution | \$6,000 | \$6,000 | \$6,000 |
| Catch-Up | \$1,000 | \$1,000 | \$1,000 |
| Deductible IRA income limit, single & also active participant in | \$64,000 - | \$65,000 - | \$66,000 - |
| workplace retirement plan | \$74,000 | \$75,000 | \$76,000 |
| Deductible IRA income limit, married filing jointly & also active | \$103,000 - | \$104,000 - | \$105,000 - |
| participant in workplace retirement plan | \$123,000 | \$124,000 | \$125,000 |
| Deductible IRA income limit, married filing jointly with a spouse | \$193,000- | \$196,000- | \$198,000- |

| that is an active participant in workplace retirement plan | \$203,000 | \$206,000 | \$208,000 |
|--|-------------|------------|------------|
| Roth IRA income limit, single | \$122,000- | \$124,000- | \$125,000- |
| | \$137,000 | \$139,000 | \$140,000 |
| Roth IRA income limit, married filing jointly | \$193,000 - | \$196,000- | \$198,000- |
| | \$203,000 | \$206,000 | \$208,000 |

| Health Plan Limits | 2019 | 2020 | 2021 |
|--|------------------|--------------------|---------------------|
| High Deductible Health Plan – IRS limits self/family | | | . / . |
| -annual deductible –minimum | \$1,350/\$2,700 | \$1,400/\$2,800 | \$1,400/\$2,800 |
| | \$6,750/\$13,500 |) \$6,900/\$13,800 |) \$7,000/\$14,000 |
| -out of pocket expenses (HSA) – maximum | | | |
| HSA Contribution limit – individual/family | \$3,500/\$7,000 | \$3,550/\$7,100 | \$3,600/\$7,200 |
| HSA Contribution catch-up | \$1,000 | \$1,000 | \$1,000 |
| FSA (flexible spending account – health) | \$2,700 | \$2,750 | \$2,750 |
| FSA (dependent care account) | \$5,000 | \$5,000 | \$5,000 |
| Qualified Transportation Fringe Benefit (Transit pass, van pool, & qualified parking) | \$265 | \$270 | \$270 |
| Out of pocket expenses (ACA) -PHSA §2707(b) | | | |
| maximum (in-network essential health benefits for non-grandfathered plans) | \$7,900 | \$8,150 | \$8,550 |
| - Self Only | \$7,900 | \$8,150 | \$8,550 |
| - Embedded Individual Max within Family Coverage | \$15,800 | \$16,300 | \$17,100 |
| - Family | | | |
| ACA affordability safe harbor | 9.86% | 9.78% | 9.83% |
| ACA Penalties | | | |
| - No Offer of Coverage | \$2,500 | \$2,570 | \$2,700 |
| - Coverage Offer Lacks Minimum Value or Affordability | \$3,750 | \$3,860 | \$4,060 |

Related People





Sheldon J. Blumling Partner 949.798.2127 Email

Service Focus

Employee Benefits and Tax

Counseling and Advice