

IRS Announces More 2016 Benefit Plan Limits

The IRS has issued [Revenue Procedure 2015-53](#), which contains 2016 limits for qualified transportation fringe benefits, adoption assistance programs, long-term care premiums, health flexible spending accounts, and medical savings accounts. Retirement plan limits were released as well and are summarized in an [October 21, 2015 FYI Alert](#), published earlier today.

Qualified Transportation Fringe Benefits

The monthly limits under section 132(f) for tax years beginning in 2016 (compared with 2015) are:

	2016	2015
Commuter highway vehicle and transit pass	\$ 130	\$ 130
Qualified parking	\$ 255	\$ 250

Comment: Proposed legislation, if enacted, would once again bring the 2015 and 2016 transit benefits in line with the parking benefits if enacted.

Adoption Assistance Programs

For employer-provided adoption assistance programs, the maximum amount excludible from an employee's income in 2016 (compared with 2015) for the adoption of a child (both for regular and special needs adoptions) is shown below. The excludible amount phases out for taxpayers with modified adjusted gross income that exceeds certain levels:

	2016	2015
Excludible amount	\$ 13,460	\$ 13,400
Phase-out income thresholds		
Phase-out begins	\$ 201,920	\$ 201,010
Phase-out complete	\$ 241,920	\$ 241,010

Long-term Care Premiums

The limits under section 213 for eligible long-term care premiums that qualify as medical expenses for tax years beginning in 2016 (compared with 2015) are shown below, based on attained age before the close of the taxable year:

	2016	2015
Age 40 or less	\$ 390	\$ 380
> 40 but ≤ 50	\$ 730	\$ 710
> 50 but ≤ 60	\$ 1,460	\$ 1,430
> 60 but ≤ 70	\$ 3,900	\$ 3,800
> 70	\$ 4,870	\$ 4,750

Health Savings Accounts

The 2016 limits for contributions to health savings accounts and for high-deductible health plans were released earlier this year. (See our [May 7, 2015 For Your Information.](#))

Health Flexible Savings Arrangements

The 2016 limitation on voluntary employee salary reductions for contributions to health flexible spending arrangements is \$2,550, unchanged from 2015.

Medical Savings Accounts

Medical savings accounts (MSAs) are available to employees of small businesses and self-employed individuals if they participate in high-deductible health plans. The deductible limits and out-of-pocket limits in connection with these plans differ from those for HSAs.

For tax years beginning in 2016, the annual deductible for an MSA high-deductible health plan may not be less than \$2,250 and not more than \$3,350 for single coverage. The annual deductible for an MSA high-deductible health plan may not be less than \$4,450 and not more than \$6,700 for family coverage. Also, annual out-of-pocket expenses (exclusive of premiums) cannot exceed \$4,450 for single coverage and \$8,150 for family coverage.

In Closing

Our *For Your Reference*, a wallet-sized booklet showing retirement plan and other benefit limits and various key Social Security and Medicare figures, will be available shortly from your consultant.

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Produced by the Knowledge Resource Center of Buck Consultants at Xerox

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