

FYI[®] Alert

For Your Information[®]

IRS announces some 2021 benefit plan limits

The IRS has issued [Revenue Procedure 2020-45](#), which contains 2021 limits for health flexible spending arrangements, qualified transportation fringe benefits, adoption assistance programs, and long-term care premiums.

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Health flexible spending arrangements

The annual limit on employee salary reduction contributions to health flexible spending arrangements under Section 125(i) for plan years beginning in 2021 is unchanged from the 2020 limit.

	2021	2020
Maximum salary reduction amount	\$2,750	\$2,750

Qualified transportation fringe benefits

The monthly limits under Section 132(f) for tax years beginning in 2021 are unchanged from the 2020 limits.

	2021	2020
Commuter highway vehicle and transit pass	\$270	\$270
Qualified parking	\$270	\$270

Adoption assistance programs

For employer-provided adoption assistance programs, the maximum amount excludible from an employee's income in 2021 (compared with 2020) 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.

	2021	2020
Excludible amount	\$14,440	\$14,300
Phase-out income thresholds		
Phase-out begins	\$216,660	\$214,520
Phase-out complete	\$256,660	\$254,520

Long-term care premiums

The limits under Section 213(d) for eligible long-term care premiums that qualify as medical expenses for tax years beginning in 2021 (compared with 2020) are shown below, based on attained age before the close of the taxable year.

	2021	2020
Age 40 or younger	\$450	\$430
> 40 but < 50	\$850	\$810
> 50 but < 60	\$1,690	\$1,630
> 60 but < 70	\$4,520	\$4,350
> 70	\$5,640	\$5,430

Health savings accounts

The 2021 limits for contributions to health savings accounts and for high-deductible health plans were released earlier this year. (See our [May 26, 2020 FYI](#).)

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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