

# IslerDare<sub>PC</sub>

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## Employee Benefits Update November 7, 2019

### IRS Announces 2020 Dollar Limits on Compensation and Benefits

#### Executive Summary

The Internal Revenue Service has announced the dollar limitations that will apply in 2020 for certain employee benefit plans. The amount that individual participants can contribute to 401(k), 403(b) and 457(b) plans increased slightly, as did other limits that can impact overall contribution levels. However, the most significant increase is in the Social Security tax wage base, which will increase from \$132,900 to \$137,700.

The table below highlights the key limits that will apply for 2020, as well as the limits that continue to be in place for the remainder of 2019.

Code Section	Limits	2020	2019
	<b>Elective Deferral Contributions</b>		
§402(g)(1)(B)	401(k) and 403(b) Plans	\$19,500	\$19,000
§457(e)(15)(A)	457(b) Plans	\$19,500	\$19,000
§414(v)(2)(B)(i)	Age 50+ "Catch-Up" Contributions for 401(k)/403(b) Plans	\$6,500	\$6,000
	<b>Limits for Highly Compensated Employees</b>		
§401(a)(17)(A)	Annual Compensation Includable in Plan	\$285,000	\$280,000
§414(q)(1)(B)(i)	Who is a "Highly Compensated Employee"	\$130,000	\$125,000
§416(i)(1)(A)(i)	Who is a "Key Employee/Officer"	\$185,000	\$180,000
	<b>Annual Benefits Limits</b>		
§415(b)(1)(A)	Defined Benefit Pension Plans	\$230,000	\$225,000
§415(c)(1)(A)	Defined Contribution Retirement Plans	\$57,000	\$56,000
	<b>Health FSA and HSA Annual Contribution Limits</b>		
§125(i)	Health FSA Employee Salary-Reduction Contributions	\$2,750	\$2,700
§223(b)(2)(A)	HSA Contributions for Individual Coverage	\$3,550	\$3,500
§223(b)(2)(B)	HSA Contributions for Family Coverage	\$7,100	\$7,000
	<b>Social Security Tax Wage Base</b>	<b>\$137,700</b>	<b>\$132,900</b>

If you have any questions about the 2020 dollar limits or would like to discuss any other employee benefits issues, please feel free to contact any member of our Employee Benefits group below.

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