
Employee Benefits Update November 2, 2020

IRS Announces 2021 Dollar Limits on Compensation and Benefits (...and How to Order the 2021 Isler Dare Mousepad)

Executive Summary

The Internal Revenue Service recently announced the annual cost-of-living adjustments to the dollar limits applicable to various employer-sponsored retirement and welfare plans for 2021.



How to Order the Isler Dare 2021 Mousepad with the Updated IRS Limits



We know that you, our valued clients and contacts, have come to rely on our annual mousepads reflecting the IRS dollar limits on various benefits, so that these limits are “at your fingertips” and you don’t have to look them up constantly.

However, we also understand that due to the COVID-19 pandemic, many of you continue to work remotely and do not have access to your work office, where we would normally send the 2021 mousepad. Therefore, if you would like to receive an Isler Dare mousepad with the updated 2021 dollar limits on benefits—and be the envy of your family and colleagues alike—**please respond to Bri Owens at our Firm using this email, or click on the link below** and let us know where you would like your 2021 mousepad to be sent.

www.postable.com/briowens

We expect to ship the mousepads in January, along with a complimentary copy of our Firm’s 2021 Compliance Calendar for Retirement, Health and Welfare Plans.

The 2021 Updated Limits

Most of the IRS dollar limits currently in effect for 2020 remain the same, with slight increases for a few limits. The most significant increase is to the Social Security tax wage base, which will increase from \$137,700 to \$142,800. The table below highlights the key limits that will apply in 2021, as well as the limits that continue to be in place for the remainder of 2020.

Code Section	Limits	2021	2020
Elective Deferral Contributions			
§402(g)(1)(B)	401(k) and 403(b) Plans	\$19,500	\$19,500
§457(e)(15)(A)	457(b) Plans	\$19,500	\$19,500
§414(v)(2)(B)(i)	Age 50+ “Catch-Up” Contributions for 401(k)/403(b) Plans	\$6,500	\$6,500
Limits for Highly Compensated Employees			
§401(a)(17)(A)	Annual Compensation Includable in Plan	\$290,000	\$285,000
§414(q)(1)(B)(i)	“Highly Compensated Employee” Threshold	\$130,000	\$130,000
§416(i)(1)(A)(i)	“Key Employee/Officer” Threshold	\$185,000	\$185,000
Annual Benefits Limits			
§415(b)(1)(A)	Defined Benefit Pension Plans	\$230,000	\$230,000
§415(c)(1)(A)	Defined Contribution Retirement Plans	\$58,000	\$57,000
Health FSA and HSA Annual Contribution Limits			
§125(i)	Health FSA Employee Salary-Reduction Contributions	\$2,750	\$2,750
§223(b)(2)(A)	HSA Contributions for Individual Coverage	\$3,600	\$3,550
§223(b)(2)(B)	HSA Contributions for Family Coverage	\$7,200	\$7,100
Social Security Tax Wage Base		\$142,800	\$137,700

If you have any questions about the 2021 dollar limits or would like to discuss any other employee benefits issues, please feel free to contact any member of our Employee Benefits and Executive Compensation Group below.



1945 Old Gallows Road
Suite 650
Tysons Corner, VA 22182
(703) 748-2690

Andrea I. O'Brien
aobrien@islerdare.com

Vi D. Nguyen
vnguyen@islerdare.com

1111 East Main Street
Suite 1605
Richmond, VA 23219
(804) 489-5500

Jeanne Floyd
jfloyd@islerdare.com

Ashley Hedge
ahedge@islerdare.com