2020 FSA, Qualified Small Employer HRA & Qualified Transportation Fringe Benefit Limits

On November 7, the IRS issued Revenue Procedure 2019-44: Inflation-Adjusted Limits for 2020. These limits relate to certain tax figures that are adjusted annually for cost-of-living increases. The limits in the announcement confirmed the values Oswald previously disclosed in September related to IRAs, Qualified Small Employer HRA’s and Qualified Transportation Fringe Benefits.

Employee Health FSA Contributions

For cafeteria plans offering medical flexible spending accounts, effective for plan years beginning on or after January 1, 2020, employees may elect salary reduction contributions of $2,750, an increase from the 2019 limit of $2,700.

Qualified Small Employer HRA

For 2020, a Qualified Small Employer HRA arrangement which, among other requirements, makes payments and reimbursements for qualifying medical care expenses of an eligible employee that do not exceed $5,250 (up from $5,150 for 2019), or $10,600 in the case of an arrangement that also provides for payments or reimbursements for family members of the employee (up from $10,450 for 2019).

Qualified Transportation Fringe Benefits

For 2020, an employee will be able to exclude up to $270 (up from $265 for 2019) a month for qualified parking expenses, and up to $270 a month (up from $265 for 2019) of the combined value of transit passes and transportation in a commuter highway vehicle.

Oswald Companies | Health Care Reform Implementation
Danielle Jarvis, Compliance Team Leader | djarvis@oswaldcompanies.com; 216.649.7384
Luke Clark, Sr. Benefits Consultant | lclark@oswaldcompanies.com; 216.367.8758

Disclaimer: Materials are solely for informational purposes as an educational resource. Please contact counsel to obtain advice with respect to any specific issue.