

Brownstein

Employee Benefits-Related Limits For 2024

BROWNSTEIN CLIENT ALERT, Nov. 14, 2024

This chart sets forth some of the annually adjusted dollar limits that impact employee benefits, as published by the Internal Revenue Service, the Social Security Administration and the Pension Benefit Guaranty Corporation.

ADJUSTED ITEM	2024	2023	Notes
Elective Deferrals (Pre-Tax and Roth) 401(k), 403(b), 457(b) and SEPs (IRC §402(g)(1) and 457(e)(15)) SIMPLE Plans (IRC §408(p)(2)(E))	\$23,000 \$16,000	\$22,500 \$15,500	(a)
Catch-up Contributions (IRC §§414(v)(2)(B)(i) and (ii)) 401(k), 403(b), Governmental 457(b) and SEPs SIMPLE Plans	\$7,500 \$3,500	\$7,500 \$3,500	(a)
Annual Compensation Limit Generally (IRC §§401(a)(17), 404(l), 408(k)(3)(C) and 408(k)(6)) Certain Governmental Plans in effect on July 1, 1993	\$345,000 \$505,000	\$330,000 \$490,000	(b)
Annual Additions Defined Contribution Plan (IRC §415(c)(1)(A)) (also applies to SEPs) Defined Benefit Plan (IRC §415(b)(1)(A))	\$69,000 \$275,000	\$66,000 \$265,000	(c) (b)
Highly Compensated Employee (IRC §414(q)(1)(B))	\$155,000	\$150,000	(b)
Key Employee Officer for Top-Heavy Plans (IRC §416(i)(1)(A)(i))	\$220,000	\$215,000	(b)
PBGC Guaranteed Benefit (monthly straight life annuity at age 65; rounded)	\$7,108	\$6,750	(d)
Tax Credit ESOP (IRC §409(o)(1)(C)) 5-Year Maximum Balance Additional 1-Year Limit	\$1,380,000 \$275,000	\$1,330,000 \$265,000	(b)
SEP (IRC §408(k)) Minimum Compensation (for coverage) (IRC §408(k)(2)(C)) Maximum Compensation (IRC §408(k)(3)(C))	\$750 \$345,000	\$750 \$330,000	(e) (b)
Health Savings Accounts (HSAs) (IRC §§223(b) and (c)) Maximum Annual HSA Contribution Self-only Coverage Family Coverage Age 55 Additional HSA Contribution (Maximum) HDHP Minimum Annual Deductible (amount cannot be less to have an HSA) Self-only Coverage (not less than) Family Coverage (not less than) HDHP Maximum Annual Out-of-Pocket Expense (cannot exceed to have HSA) Self-only Coverage Family Coverage Excise Tax for Non-Medical Distributions from HSA	\$4,150 \$8,300 \$1,000 \$1,600 \$3,200 \$8,050 \$16,100 20%	\$3,850 \$7,750 \$1,000 \$1,500 \$3,000 \$7,500 \$15,000 20%	(f)
Health FSA Maximum Annual Contribution (IRC §125(i)) Maximum Carryover of Unused Amounts	\$3,200 \$640	\$3,050 \$610	(e)
Qualified Small Employer Health Reimbursement Account (QSEHRA) (IRC §9831) Maximum Employer Contribution for Individual Coverage Maximum Employer Contribution for Family Coverage	\$6,150 \$12,450	\$5,850 \$11,800	(g)
Excepted Benefit HRA Maximum Annual Amount (26 CFR §54.9831-1(c)(3)(viii))	\$2,100	\$1,950	(gg)
Qualified Transportation Fringe Benefit (IRC §132(f)(2)) Employer-provided Parking (monthly) Mass Transit Pass and Van Pool (monthly) Bicycle Commuting (monthly)	\$315 \$315 --	\$300 \$300 --	(h) (hh) (hhh)
Dependent Care Assistance Maximum Gross Income Exclusion (IRC §129(a)(2)(A))	\$5,000	\$5,000	(i)

ADJUSTED ITEM	2024	2023	Notes
Adoption Assistance Programs (IRC §137(a)(2))			(j)
Dollar Limit on Benefits Excludable from Gross Income (IRC §137(b)(1))	\$16,810	\$15,950	
Phase-Out Gross Income Threshold (IRC §137(b)(2))			
Floor	\$252,150	\$239,230	
Ceiling	\$292,150	\$279,230	
Long-Term Care Premiums as medical care expenses (IRC §213(d)(10))			(k)
Taxpayer age 40 and younger	\$470	\$480	
Taxpayer over age 40 but not more than age 50	\$880	\$890	
Taxpayer over age 50 but not more than age 60	\$1,760	\$1,790	
Taxpayer over age 60 but not more than age 70	\$4,710	\$4,770	
Taxpayer over age 70	\$5,880	\$5,960	
Social Security OASDI Taxable Wage Base	\$168,600	\$160,200	(l)

- (a) Indexed in \$500 increments. (b) Indexed in \$5,000 increments. (c) Indexed in \$1,000 increments.
- (d) See, <https://www.pbqc.gov/wr/benefits/guaranteed-benefits/maximum-guarantee>. For multiemployer plans, the PBGC guarantees a maximum monthly payment based on a stated formula: the sum of 100% of the first \$11 of the monthly benefit rate plus 75% of the next \$33 of the monthly benefit rate, times the participant's years of credited service. The guaranteed monthly benefit, therefore, is limited to \$35.75 per month times a participant's year of credited service, and disregards any benefit amount greater than \$44/month. This formula has been in place since 2001 and it is not adjusted for inflation or cost-of-living increases. See, <https://www.pbqc.gov/prac/multiemployer/multiemployer-benefit-guarantees>.
- (e) Indexed in \$50 increments.
- (f) Indexed in \$50 increments. IRC §223(g). See Rev. Proc. 2023-23 (May 16, 2023), available at <https://www.irs.gov/pub/irs-drop/rp-23-23.pdf>.
- (g) Indexed in \$50 increments. The 21st Century Cures Act, Pub. L. 114-255 (Dec. 13, 2016), beginning Jan. 2017 amended IRC §9831, ERISA §733, and PHSAs §2791 to create QSEHRAs, which allow employer payment plans without creating a group health plan. Available for employers with fewer than 50 full-time employees or equivalents.
- (gg) Indexed in \$50 increments. Under 26 CFR §54.9831-1(c)(3), certain group health plans qualify as limited excepted benefits that are not subject to the requirements of IRC Chapter 100. See Rev. Proc. 2023-23 at <https://www.irs.gov/pub/irs-drop/rp-23-23.pdf> (May 16, 2023).
- (h) Indexed in \$5 increments. IRC §132(f).
- (hh) Section 105 of the Consolidated Appropriations Act of 2016, Pub. L. 114-113, created parity after Dec. 31, 2014, between (i) the transit benefit exclusion for the aggregate of transportation in a commuter highway vehicle and any transit pass and (ii) the exclusion for qualified parking. IRS Notice 2016-6, <https://www.irs.gov/pub/irs-drop/n-16-06.pdf>.
- (hhh) IRC §132(f), as amended by §211(a) of Division B of the Emergency Economic Stabilization Act of 2008. Cannot receive bicycle benefit in any month in which any other qualified transportation fringe benefit is received. **The Tax Cuts and Jobs Act of 2017 ("TCJA") removed qualified bicycle commuting reimbursements from the definition of "qualified transportation fringe" for years beginning after 2017 and before 2026; thus, these benefits are taxable to employees during this 8-year period, although the employer can take a deduction.** The TCJA also provides that no employer tax deduction is allowed for qualified transportation benefits (whether provided directly by an employer, or through a bona fide reimbursement arrangement or a compensation reduction agreement) incurred or paid after 2017, with the exception of transportation for employee safety and qualified bicycle commuting benefits. Although employers may no longer take a deduction for its payments for these qualified transportation benefits, the fringe benefit exclusion rules still apply and the employer payments may be excluded from employees' wages. In 2017, prior to TCJA, the bicycle amount was \$20 per month, up to \$240 per year.
- (i) \$2,500 in the case of married filing separate return. Amount fixed by statute, not currently adjusted for inflation. See, IRC §129(a)(2)(A). Section 9632 of the American Rescue Plan Act of 2021 ("ARPA") temporarily increased the dollar limit to \$10,500 for the period after Dec. 31, 2020, and before Jan. 1, 2022 (50% of this amount in the case of married filing separate return); See also Notice 2021-26: increase does not apply to non-calendar year plans.
- (j) Indexed in \$10 increments. IRC §137(f). Revised by Rev. Proc. 2018-18, IRB 2018-18 (Mar. 5, 2018).
- (k) Indexed in \$10 increments. IRC §213(d)(10)(B). Based on taxpayer's age before the close of the tax year.
- (l) Indexed in \$300 increments. For 2024, the FICA tax rate is 7.65% for employees and 15.30% for self-employed. The maximum 2024 OASDI portion of FICA tax payable by each employee is 6.2% of the applicable wage base. Employer contribution amount matches the employee amount. These percentages are set by statute. There is no wage base limit for the Medicare (HI) portion of FICA taxes; thus, all wages earned are subject to the HI tax, which also is paid by employers and employees (each pays at a 1.45% rate, and self-employed pay 2.9%), although employees pay an additional 0.9% on wages greater than \$200,000 (\$250,000 for married, filing jointly). The OASDI tax rate for self-employment income is 12.4%. See <https://www.ssa.gov/oact/cola/cbb.html>.

Sources: IRS Notice 2023-75, "2024 Limitations Adjusted As Provided in Section 415(d), etc.," found at <https://www.irs.gov/pub/irs-drop/n-23-75.pdf> (Nov. 1, 2023), and Rev. Proc. 2023-34, "2024 Adjusted Items," found at <https://www.irs.gov/pub/irs-drop/rp-23-34.pdf> (Nov. 9, 2023).

If you have questions or would like assistance on issues affecting your benefit plans, please contact us:

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