

HSA/HDHP Limits Increase for 2021

On May 20, 2020, the IRS released [Revenue Procedure 2020-32](#) to provide the inflation-adjusted limits for health savings accounts (HSAs) and high deductible health plans (HDHPs) for 2021. The IRS is required to publish these limits by June 1 of each year.

These limits include:

- The maximum HSA contribution limit;
- The minimum deductible amount for HDHPs; and
- The maximum out-of-pocket expense limit for HDHPs.

These limits vary based on whether an individual has self-only or family coverage under an HDHP.

Eligible individuals with self-only HDHP coverage will be able to contribute **\$3,600** to their HSAs for 2021, up from \$3,550 for 2020. Eligible individuals with family HDHP coverage will be able to contribute **\$7,200** to their HSAs for 2021, up from \$7,100 for 2020. Individuals who are age 55 or older are permitted to make an additional \$1,000 “catch-up” contribution to their HSAs.

The minimum deductible amount for HDHPs remains the same for 2021 plan years (\$1,400 for self-only coverage and \$2,800 for family coverage). However, the HDHP maximum out-of-pocket expense limit increases to \$7,000 for self-only coverage and \$14,000 for family coverage.

Action Steps

Employers that sponsor HDHPs should review their plan’s cost-sharing limits (minimum deductibles and maximum out-of-pocket expense limit) when preparing for the plan year beginning in 2021. Also, employers that allow employees to make pre-tax HSA contributions should update their plan communications for the increased contribution limits.

Highlights

- Each year, the IRS announces inflation-adjusted limits for HSAs and HDHPs.
- By law, the IRS is required to announce these limits by June 1 of each year.
- The adjusted contribution limits for HSAs take effect as of Jan. 1, 2021.
- The adjusted HDHP cost-sharing limits take effect for the plan year beginning on or after Jan. 1, 2021.

Important Dates

January 1, 2021

The new contribution limits for HSAs become effective.

2021 Plan Years

The HDHP cost-sharing limits for 2021 apply for plan years beginning on or after Jan. 1, 2021.

HSA & HDHP Limits Increase for 2021

HSA/HDHP Limits

The following chart shows the HSA and HDHP limits for 2021 as compared to 2020. It also includes the catch-up contribution limit that applies to HSA-eligible individuals who are age 55 or older, which is not adjusted for inflation and stays the same from year to year.

Type of Limit		2020	2021	Change
HSA Contribution Limit	Self-only	\$3,550	\$3,600	Up \$50
	Family	\$7,100	\$7,200	Up \$100
HSA Catch-up Contributions (not subject to adjustment for inflation)	Age 55 or older	\$1,000	\$1,000	No change
HDHP Minimum Deductible	Self-only	\$1,400	\$1,400	No change
	Family	\$2,800	\$2,800	No change
HDHP Maximum Out-of-pocket Expense Limit (deductibles, copayments and other amounts, but not premiums)	Self-only	\$6,900	\$7,000	Up \$100
	Family	\$13,800	\$14,000	Up \$200