

IRS REVISES 2018 HSA LIMIT (AGAIN) AND ANNOUNCES 2019 HSA LIMITS

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Employee Benefits

The IRS released Rev. Proc. 2018-27, modifying the 2018 annual limitation on the deduction for contributions to a Health Savings Account (HSA) to \$6,900 for an individual with family coverage under a high deductible health plan. This change restores the maximum contribution to the same amount that was originally announced as the 2018 annual limitation back on May 4, 2017. Earlier this year, however, as a result of changes in inflation adjusted calculations under the Tax Cuts and Jobs Act, the IRS released Rev. Proc. 2018-18 reducing the 2018 HSA contribution limit for an individual with family coverage by \$50 to \$6,850. This reduction caused numerous unanticipated administrative and financial burdens. Especially for individuals with family coverage that had made the maximum HSA contribution before the reduction was announced in March. This latest guidance restoring the original contribution limit is intended to alleviate these administrative hardships. Plan Administrators sponsoring high deductible health plans should communicate the new (old) 2018 limit of \$6,900 for individuals with family coverage. In related news, the IRS also released Rev. Proc. 2018-30 providing inflation adjusted figures for 2019 HSA contributions. For 2019, the annual HSA contribution limit for an individual with self-only coverage will be \$3,500. The 2019 HSA contribution limit for an individual with family coverage under a high-deductible plan will be \$7,000.