

# Welcome! We will begin at 3 p.m. ET.

There will be no sound until we begin the webinar.

**Thank you to the following Assurex Global Partners for sponsoring this event:**

- C3 Risk & Insurance Services
- CCIG
- Christensen Group Insurance
- Collier Insurance
- Cottingham & Butler
- Cragin & Pike, Inc.
- The Daniel & Henry Co.
- Dean & Draper Insurance Agency
- Henderson Brothers, Inc.
- Houchens Insurance Group
- The IMA Financial Group
- INSURICA
- Kapnick Insurance Group
- Lyons Companies
- The Mahoney Group
- The MJ Companies
- Oswald Companies
- Parker, Smith & Feek, Inc.
- The Partners Group
- R&R Insurance
- RCM&D
- Starkweather & Shepley
- Sterling Seacrest Pritchard
- WA Group
- Watkins Insurance Group
- Wells Insurance
- Woodruff Sawyer

## Assurex Global in Numbers



**26K+**  
**Employees**



**100+**  
**Partner Firms**



**\$46B**  
**Annual  
Premium**



**\$4.9B**  
**Annual  
Revenue**



**730+**  
**Partner  
Offices**



**175**  
**Countries**

# Annual Limits

Presented by Benefit Comply  
**November 2024**



# Thank you to the following Assurex Global Partners for sponsoring today's webinar

- C3 Risk & Insurance Services
- CCIG
- Christensen Group Insurance
- Collier Insurance
- Cottingham & Butler
- Cragin & Pike, Inc.
- The Daniel & Henry Co.
- Dean & Draper Insurance Agency
- Henderson Brothers, Inc.
- Houchens Insurance Group
- The IMA Financial Group
- INSURICA
- Kapnick Insurance Group
- Lyons Companies
- The Mahoney Group
- The MJ Companies
- Oswald Companies
- Parker, Smith & Feek
- The Partners Group
- R&R Insurance
- RCM&D
- Starkweather & Shepley
- Sterling Seacrest Pritchard
- WA Group
- Watkins Insurance Group
- Wells Insurance
- Woodruff Sawyer



- = Assurex Global territories
- = Non-Assurex Global agreement territories
- = Sanctioned territories (Iran, North Korea & Russia)

*Assurex Global is an exclusive partnership of the most prominent independent insurance agents, brokers, and technical specialists in the world.*

# Agenda

- Introduction to Annual Limits
- Annual Limits for:
  - Health FSAs
  - DCAPs
  - HSAs
- Examples

# Introduction to Annual Limits

# Which accounts are we talking about?

- Health FSAs and HSAs may be used to reimburse qualifying medical expenses on a tax-favored basis
- DCAPs may be used to reimburse qualifying daycare expenses on a tax-favored basis
- The IRS limits how much an individual can benefit from these accounts on an annual basis.... how different can annual limits be?

# Annual limits...

...can be very different depending on how they are applied:

Calendar  
year or  
plan year?

Per employee  
or per  
household?

When  
prorating is  
necessary?

To employee  
and/or employer  
contributions,  
reimbursements?

# What about HRAs?

- HRAs may also be used to reimburse qualifying medical expenses on a tax-favored basis
- Only employers may contribute to HRAs, and they set the maximum
- HRAs do not have a regulatory maximum on contributions or reimbursements
  - Except EBHRAs and QSEHRAs



# **Annual Limits for Health FSAs, DCAPs, & HSAs**

# Annual Limits for Health FSAs

- Apply on a plan year basis
  - Applicable limit is the one in effect on first day of the plan year
- Apply per employee, and per employer
  - Someone with multiple employers can have multiple maxed out FSAs
- Apply only to employee contributions (salary reductions)
  - Employers must consider excepted benefit rules with their contribution though
- Short plan years **MUST** pro-rate
- Midyear enrollees do **NOT** have to pro-rate, but can by design

Salary Reduction Limits for FSAs	
2024	\$3,200
2025	\$3,300

# Annual Limits for DCAPs

- Apply on a calendar year basis
  - Non-calendar year plan years can cause issues
- Apply per family/households
  - Spouses must split the limit between them
- Apply to both employee and employer contributions\*
  - The limit is actually for reimbursements from the DCAP
- Short plan years are not required to prorate, but recommended
- Midyear enrollees are not required to prorate, but again recommended

DCAP Reimbursement Limit
--------------------------

\$5,000
---------

# Annual Limits for HSAs

- Apply on a calendar year basis
- Apply per employee
- Apply to both employee and employer contributions
- Short plan years are required to prorate
- Midyear enrollees are required to prorate
- Monthly contribution rule:
  - An employee may contribute up to 1/12<sup>th</sup> of the annual contribution limit for each month that they are HSA-eligible
  - Exception: the last month or full contribution rule
- Special rule for married individuals
  - If both spouses are HSA-eligible and at least one spouse has family-level coverage, spouses must share the family limit

Contribution Limits for HSAs	
Single – 2024	\$4,150
Family - 2024	\$8,300
Single – 2025	\$4,300
Family - 2025	\$8,550

# In summary...

	Timeframe for limit	Limit applies per...	Contribution types	Prorating for a short plan year	Prorating for a midyear enrollee
<b>FSA</b>	Plan year	Employee, per employer	Employee only	Required	Not required
<b>DCAP</b>	Calendar year	Household	Both employee and employer	Not required, but recommended	Not required, but recommended
<b>HSA</b>	Calendar year	Employee	Both employee and employer	Required	Required

# Examples

# Example 1 – Health FSAs

- Denise works for Employer A, who offers a health FSA that runs on a calendar year. Denise elected \$3,300 for the 2025 plan year. Denise leaves Employer A and is hired by Employer B in May 2025, who also offers a health FSA that runs on a calendar year. How much can Denise contribute to her health FSA under Employer B?

A: \$3,300 – unless Employer B’s plan design limits midyear enrollees

- Same facts as above, but Employer A has a November 1 – October 31 plan year, and Employer B has a May 1 – April 30 plan year.

A: \$3,200 for Employer A (plan year started in 2024); \$3,300 for Employer B (plan year started in 2025)

- Same facts as above, but Employer B has a short plan year from June 1 – December 31.

A: \$1,925 (7/12 months x \$3,300)

Salary Reduction Limits for FSAs	
2024	\$3,200
2025	\$3,300

## Example 2 - DCAPs

- Susan works for Employer A, who offers a DCAP on a calendar year plan. For the 2025 plan year, how much can Susan contribute to her DCAP?

A: \$5,000

- Same facts as above, but Susan's spouse Charlie works for Employer B, who also offers a calendar year DCAP, and Charlie contributes \$4,000 to his DCAP.

A: \$1,000

- All the same facts as above, but Employer A's DCAP is on a June – May 31 plan year.

A: \$1,000 – for June through December 2025 at least



## Example 3 - DCAPs

- Ruth gets hired in January 2024 by Employer A, who offers a DCAP on a July 1- June 30 plan year. Ruth enrolls in the DCAP upon hire, and elects \$5,000, all of which is reimbursed by the end of the plan year. How much can Ruth contribute to the DCAP in the upcoming 2024 plan year?

A: \$5,000, but she cannot spend any of it until 2025.

- How much should be deducted at the beginning of the plan year?

A: \$416.67/month – or another amount by plan design

- Ruth works for Employer A, who offers a DCAP on an April 1 – March 31 plan year. Ruth enrolls for the 2025 plan year, and elects to make a full \$5,000 contribution. Ruth gets reimbursed for a \$3,000 claim in November 2025, and a \$2,000 claim in March 2026. How much can she contribute for the 2026 plan year?

A: \$5,000 – but she can only receive up to \$3,000 in tax-favored reimbursements for the rest of 2026

## Example 4 - HSAs

- Maria works for Employer A, who has a calendar year qualified HDHP. Maria (who was not previously enrolled) enrolls in self-only HDHP coverage for the 2025 plan year and is otherwise HSA-eligible. How much can she contribute to her HSA for the 2025 plan year?

A: \$4,300

- Instead of enrolling in the HDHP at open enrollment, Maria adopts a child and enrolls in family-level HDHP coverage as of April 1, 2025. How much can she contribute to her HSA for the 2025 plan year?

A: \$6,412.50 (9/12 months x \$8,550); or \$8,550 under full contribution rule

Contribution Limits for HSAs	
Single – 2024	\$4,150
Family - 2024	\$8,300
Single – 2025	\$4,300
Family - 2025	\$8,550

- Maria works for Employer A, who offers a HDHP has a May 1 – April 30 plan year. She first enrolls in the HDHP for the 2024 plan year. How much can she contribute in the 2024-2025 plan year?
- A. \$4,150 – 2024 maximum for single coverage
- B. \$4,300 – 2025 maximum for single coverage
- C.  $\$4,200 - (8/12)(\$4,150) + (4/12)(\$4,300)$
- D. \$2,766.67 for 2024 and \$1,433.33 for 2025

Contribution Limits for HSAs	
Single – 2024	\$4,150
Family - 2024	\$8,300
Single – 2025	\$4,300
Family - 2025	\$8,550

## Example 5 - HSAs

- Maria is HSA-eligible; she and her children are enrolled in her employer's HDHP. Her husband Sam is also HSA-eligible and is enrolled in his own employer's HDHP. How much can Sam and Maria each contribute to their HSAs for 2025?

A: No more than \$8,550 combined

- Same facts as above, but Maria is 53 and Sam is 57.

A: No more than \$8,550 combined, but Sam also gets to make the \$1,000 catch-up contribution into his HSA

Contribution Limits for HSAs	
Single – 2024	\$4,150
Family - 2024	\$8,300
Single – 2025	\$4,300
Family - 2025	\$8,550



# Questions

# Webinar Wrap-Up

Thank you to the following Assurex Global Partners for sponsoring this event:

- C3 Risk & Insurance Services
- CCIG
- Christensen Group Insurance
- Collier Insurance
- Cottingham & Butler
- Cragin & Pike, Inc.
- The Daniel & Henry Co.
- Dean & Draper Insurance Agency
- Henderson Brothers, Inc.
- Houchens Insurance Group
- The IMA Financial Group
- INSURICA
- Kapnick Insurance Group
- Lyons Companies
- The Mahoney Group
- The MJ Companies
- Oswald Companies
- Parker, Smith & Feek, Inc.
- The Partners Group
- R&R Insurance
- RCM&D
- Starkweather & Shepley
- Sterling Seacrest Pritchard
- WA Group
- Watkins Insurance Group
- Wells Insurance
- Woodruff Sawyer

A link to the recording of today's session will be available early next week from the Assurex Global Partner Firm who invited you to today's event.

## Assurex Global in Numbers



26K+  
Employees



100+  
Partner Firms



\$46B  
Annual  
Premium



\$4.9B  
Annual  
Revenue



730+  
Partner  
Offices



175  
Countries