

COMPLIANCE ALERT

IRS Announces Health FSA and Other 2023 Plan Limits

October 20, 2022

On October 18, 2022, the IRS issued [Revenue Procedure 2022-38](#), which announces an increase to the maximum pre-tax contribution to health FSAs, Adoption Assistance and Commuter Benefits.

FSA Limit Increases:

For 2023, employees can contribute up to a maximum of \$3,050 to health FSAs on a pre-tax basis through their cafeteria plan. The same limit also applies to limited-purpose FSAs (for example, limited-purpose dental and vision FSAs), which can be stacked with health savings accounts (HSAs). Additionally, if the cafeteria plan permits the carryover of unused amounts, the maximum carryover is \$610 for the 2023 calendar year. The adjacent chart shows the adjustment in health FSA contribution limits.

Health FSAs (including limited-purpose FSAs)	2023	2022	2021
Maximum salary deferral contribution	\$3,050	\$2,850	\$2,750

Commuter Benefits Increase:

The maximum monthly exclusion amount for transportation in a commuter highway vehicle, vanpooling, any transit pass, and qualified parking will be increasing for 2023 to \$300 per month (\$3,600 per year).

Adoption Assistance Increase:

The maximum annual exclusion from an employee's gross income for an adoption assistance program will go up to \$15,950 in 2023 (up from \$14,890 in 2022).

What Should Employers and Plan Sponsors Do Next?

Employers and plan sponsors must ensure that their plans do not allow employees to make pre-tax contributions in excess of these amounts for 2023, and they should communicate the 2023 limits for these and the other benefit plans to their employees as part of the open enrollment process.

For health FSAs, employers and plan sponsors may continue to impose their own health FSA employee contribution limit for the plan year, as long as it does not exceed the ACA's maximum limit for the 2023 plan year of \$3,050.

**If you have any additional questions,
please call your Corporate Synergies
Account Manager or 866.CSG.1719.**