

COMPLIANCE ALERT

IRS Announces Health FSA and Other 2024 Plan Limits

November 10, 2023

Action Required:

- Employers should ensure that their plans do not allow employees to make pre-tax contributions in excess of the 2024 plan limits.
- Employers should also communicate the 2024 limits for these and other benefit plans to their employees during open enrollment.

On November 9, 2023, the IRS issued [Revenue Procedure 2023-34](#), which announces an increase to the maximum pre-tax contribution to health FSAs, Adoption Assistance and Commuter Benefits.

FSA Limit Increases:

For 2024, employees can contribute up to a maximum of \$3,200 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 \$640 for the 2024 calendar year. The adjacent chart shows the adjustment in health FSA contribution limits.

Health FSAs (including limited purpose FSAs)	2024	2023	2022
Maximum salary deferral contribution	\$3,200	\$3,050	\$2,850

Commuter Benefit Increases

The maximum monthly exclusion amount for transportation in a commuter highway vehicle, vanpooling, any transit pass, and qualified parking will be increasing for 2024 to \$315 per month (\$3,780 per year).

Adoption Assistance Increase

The maximum annual exclusion from an employee's gross income for an adoption assistance program will go up to \$16,810 in 2024 (up from \$15,950 in 2023).

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 2024, and they should communicate the 2024 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 2024 plan year of \$3,200.

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