

## Employee Benefits Plan Alert

# 2021 Cost of Living Adjustments

By Louis F. LiBrandi, Principal

Plan sponsors should review the cost of living adjustments (COLAs) to determine what, if any, changes need to be communicated to employees by means of orientation meetings and enrollment forms. In addition, the amounts may need to be updated and/or input into the payroll or other human resources information systems used by the employer to monitor contributions made to an employee benefit plan.

The table below contains the dollar limitation for retirement plans and other benefit plan limits and thresholds for the 2019 through 2021 tax years. Similar to other years, some of the amounts have changed and others remained the same as the prior year.

Limits			
Retirement Plans	2021	2020	2019
<b>402(g) Elective Deferrals.</b> Maximum salary-reduction contribution; 401(k), 403(b) and 457(b) plans.	\$19,500	\$19,500	\$19,000
<b>Catch-up Contributions.</b> Age 50 or older additional salary reduction contributions; 401(k), 403(b), government 457(b) plans.	\$6,500	\$6,500	\$6,000
<b>401(a)(17) Compensation Limit.</b> Ceiling for using compensation to determine benefits in a qualified retirement plan.	\$290,000	\$285,000	\$280,000
<b>415(m) Maximum dollar amount for a defined contribution plan (excludes catch-up).</b>	\$58,000	\$57,000	\$56,000
<b>Highly Compensated Employee (HCE).</b> Compensation earned in a prior year is used to determine if a participant is a HCE.	\$130,000	\$130,000	\$125,000
<b>Key Employee.</b> Minimum compensation for an officer to be treated as a "key employee."	\$185,000	\$185,000	\$180,000

<b>Social Security Wage Base</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Social Security Taxable Wage Base.</b>	\$142,800	\$137,700	\$132,900
<b>Welfare Plans</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Health FSA Contribution Limit.</b>	\$2,750	\$2,750	\$2,700
<b>HSA Contribution Limit – Single.</b>	\$3,600	\$3,550	\$3,500
<b>HSA Contribution Limit – Family.</b>	\$7,200	\$7,100	\$7,000
<b>Catch-up Contributions. Age 55 or older.</b>	\$1,000	\$1,000	\$1,000

## Contact Us

For more information or if you have any questions, please contact your PKF O'Connor Davies engagement partner or:

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