

IRS Announces New Health FSA Limits for 2018



EMPLOYEE BENEFITS: Compliance FYI

On Thursday, October 19, 2017, the Internal Revenue Service (IRS) released [Revenue Procedure 2017-58](#), which officially raises the maximum Health Flexible Spending Account (FSA) contribution limit to \$2,650 per calendar year beginning in 2018. The Health FSA contribution limit is the only limit that was increased for the coming year.

This means that starting on January 1, 2018, the contribution limits for FSAs are:

Type	2017	2018
Health	\$2,600	\$2,650
Dependent Care	\$5,000	\$5,000
Transportation (Parking)	\$255/month	\$260/month
Transportation (Transit)	\$255/month	\$260/month

Key Takeaway:

The increase goes into effect on January 1, but it is important to remember that organizations are not required to raise the contribution limit. Organizations with January 1 renewal dates, who want to raise the limit, should contact your M3 Account Team or the administrator of their Flexible Spending Account plan to determine how to move forward. There may still be time to increase the maximum contribution to your plan to adjust for the new legal threshold.

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The information in this Compliance FYI is a summary of laws and regulations relating to employee benefit plan compliance. This information should not be construed as legal advice. In all cases, employers should consult with their own legal counsel.

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