

**Fisher
Phillips**



2024 Employee Benefit Limits

Plus 6 Best Practices for Employers



Get Ready For The New Year Ahead

Employees can contribute more pre-tax dollars next year to their retirement savings accounts, including 401(k) and 403(b) plans, according to an IRS announcement made on November 1. Your eligible workers will be able to defer up to \$23,000 in 2024 – which is \$500 more than the current 2023 limit. You can read more about the 2024 benefits limits for retirement and health savings plans on the next few pages – but before you flip the page, we want to remind you to consider taking these six steps as you prepare for the next plan year:

- 1. Update programs** to ensure any plan materials and participant communications reflect the new limits.
- 2. Educate your employees** on the new limits and give them an opportunity to boost their participation.
- 3. Communicate** with your payroll department or provider, as well as your administrative services provider, to ensure the new limits are taken into account when determining contributions.
- 4. Train** your payroll, benefits, and relevant human resources staff on these plan limit changes and ensure they know how these changes will impact plan administration.
- 5. Confirm that your retirement plans comply** with the applicable limits when processing employee contributions and testing for discrimination issues, where applicable. Nondiscrimination testing is required for certain plans to ensure that highly compensated employees (HCE) do not disproportionately benefit from employer retirements plans and that contribution limits are not exceeded.
- 6. Keep written documentation** on any plan updates, employee education and training, communications with third-party providers, and any other plan actions or decisions as part of your fiduciary responsibilities.

Retirement Plan Limits

	2022	2023	2024
Elective Salary Deferrals (401(k) & 403(b) & 457)	\$20,500	\$22,500	\$23,000
SIMPLE Employee Deferrals	\$14,000	\$15,500	\$16,000
Catch-Up Contribution (age 50 or older)	\$6,500	\$7,500	\$7,500
SIMPLE Catch-Up Contributions	\$3,000	\$3,500	\$3,500
Maximum Compensation (includes maximum SEP compensation)	\$305,000	\$330,000	\$345,000
Maximum Benefit for Defined Benefit Plan	\$245,000	\$265,000	\$275,000
Maximum Annual Addition for Defined Contribution Plan	\$61,000	\$66,000	\$69,000
Pay Threshold to Determine HCE	\$135,000	\$150,000	\$155,000
Officer Pay Threshold To Determine Key Employee	\$200,000	\$215,000	\$220,000
Social Security Taxable Wage Base (OASDI)	\$147,000	\$160,200	\$168,600
SEP - Minimum Compensation	\$650	\$750	\$750
ESOP – Determining the Length of the General Five-Year Distribution Period	\$245,000	\$265,000	\$275,000
ESOP – Maximum Account Balance subject to Five-Year Distribution Period	\$1,230,000	\$1,330,000	\$1,380,000



Health Plan Limits

	2022	2023	2024
ACA out-of-pocket expenses - self/family maximum	\$8,700/\$17,400	\$9,100/\$18,200	\$9,450/\$18,900
High Deductible Health Plan – IRS limits for self/family annual deductible minimum	\$1,400/\$2,800	\$1,500/\$3,000	\$1,600/\$3,200
HDHP maximum out-of-pocket amounts	\$7,050/\$14,100	\$7,500/\$15,000	\$8,050/\$16,100
HSA Contribution limit – individual/family	\$3,650/\$7,300	\$3,850/\$7,750	\$4,150/\$8,300
HSA Contribution catch-up (age 55 or older)	\$1,000	\$1,000	\$1,000
FSA (flexible spending account – health)	\$2,850	\$3,050	\$3,200 (projected)
FSA (flexible spending account – health carryover maximum)	\$570	\$610	\$640 (projected)
FSA (dependent care account)	\$5,000 per household or \$2,500 if married, filing separately	\$5,000 per household or \$2,500 if married, filing separately	Pending
Qualified Transportation Fringe Benefit (Transit pass, van pool, and qualified parking)	\$280	\$300	\$315 (projected)
ACA affordability safe harbor	9.61%	9.12%	8.39%
ACA penalties for no offer of coverage	\$2,750	\$2,880	\$2,970
ACA penalties when coverage offer lacks minimum value or affordability	\$4,120	\$4,320	\$4,460



More Information is Available

[Click here to learn more about the historical limits from 2019 to 2021.](#)

Conclusion

If you have questions about benefits compliance, strategies, or best practices, feel free to reach out to your Fisher Phillips attorney, the author of this Insight, or any attorney in our [Employee Benefits and Tax Practice Group](#). We will continue to provide tips, guidance, and updates on employee benefits and other workplace law topics, so make sure you are subscribed to [Fisher Phillips' Insight System](#) to get the most up-to-date information directly to your inbox.



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