



# For 2015, Higher Limits for HSA Contributions and Deductibles

Out-of-pocket maximums for high-deductible plans also up

By Stephen Miller, CEBS

April 24, 2014

Looking for the **2016** HSA contribution, deductible and out-of-pocket limits and maximums? See the May 2015 *SHRM Online* article **IRS Issues 2016 HSA Contribution Limits** ([www.shrm.org/hrdisciplines/benefits/Articles/pages/2016-hsa-limits.aspx](http://www.shrm.org/hrdisciplines/benefits/Articles/pages/2016-hsa-limits.aspx)).

April 2014, the Internal Revenue Service announced higher limits for 2015 on contributions to health savings accounts (HSAs) and for out-of-pocket spending under high-deductible health plans (HDHPs) linked to them.

In **Revenue Procedure 2014-30** ([www.shrm.org/ResourcesAndTools/hr-topics/benefits/Documents/rp-14-30.pdf](http://www.shrm.org/ResourcesAndTools/hr-topics/benefits/Documents/rp-14-30.pdf)), issued April 24, 2014, the IRS provided the inflation-adjusted HSA contribution and HDHP minimum deductible and out-of-pocket limits, effective for calendar year 2015. The higher rates reflect a cost-of-living adjustment and rounding rules under Internal Revenue Code Section 223.

A comparison of the 2015 and 2014 limits is shown below:

<b>Contribution and Out-of-Pocket Limits for Health Savings Accounts and High-Deductible Health Plans</b>			
	<b>For 2015</b>	<b>For 2014</b>	<b>Change</b>
<b>HSA contribution limit</b> (employer + employee)	Individual: \$3,350 Family: \$6,650	Individual: \$3,300 Family: \$6,550	Individual: +\$50 Family: +100
<b>HSA catch-up contributions</b> (age 55 or older)*	\$1,000	\$1,000	No change**
<b>HDHP minimum deductibles</b>	Individual: \$1,300 Family: \$2,600	Individual: \$1,250 Family: \$2,500	Individual: +\$50 Family: +100
<b>HDHP maximum out-of-pocket amounts</b> (deductibles, co-payments and other amounts, but not premiums)	Individual: \$6,450 Family: \$12,900	Individual: \$6,350 Family: \$12,700	Individual: +\$100 Family: \$200

\* Catch-up contributions can be made any time during the year by HSA participants who will turn 55 by year-end.

\*\* Unlike other limits, the HSA catch-up contribution amount is not indexed; any increase would require statutory change.

The increases in contribution limits and out-of-pocket maximums from 2014 to 2015 matched the increases made a year earlier, reflecting the government's calculation of a continuing modest inflation rate, although the HDHP minimum deductible amount was up slightly for 2015 versus no change from 2013 to 2014.

### Penalties for Nonqualified Expenses

Those under age 65 (unless totally and permanently disabled) who use HSA funds for nonqualified medical expenses face a penalty of 20 percent of the funds used for such expenses. Funds spent for nonqualified purposes are also subject to income tax.

### Coverage of Adult Children

While the Affordable Care Act allows parents to add their adult children (up to age 26) to their health plans, the IRS has not changed its definition of a dependent for health savings accounts. This means that an employee whose 24-year-old child is covered on his HSA-qualified high-deductible health plan is not eligible to use HSA funds to pay that child's medical bills.

If account holders can't claim a child as a dependent on their tax returns, then they can't spend HSA dollars on services provided to that child. According to the IRS definition, a dependent is a qualifying child (daughter, son, stepchild, sibling or stepsibling, or any descendant of these) who:

- Has the same principal place of abode as the covered employee for more than one-half of the taxable year.
- Has not provided more than one-half of his or her own support during the taxable year.
- Is not yet 19 (or, if a student, not yet 24) at the end of the tax year or is permanently and totally disabled.

### Affordable Care Act Limits Differ

Proskauer Rose LLP's ERISA Law Center Blog points out that (<http://www.erisapracticecenter.com/2014/05/09/reminder-acas-out-of-pocket-limits-differ-from-hsa-qualified-hdhp-starting-in-2015/>) unlike this year, starting in 2015 out-of-pocket limits for HDHPs under the Affordable Care Act (ACA) will be slightly higher than the IRS's limits on HSA-qualified HDHPs. But the IRS limits are what determine if an HDHP is HSA compliant.

	2015	2014
ACA out-of-pocket limits for HDHPs	Individual: \$6,600 Family: \$13,200	Individual: \$6,350 Family: \$12,700
IRS out-of-pocket limits for HSA-qualified HDHPs	Individual: \$6,450 Family: \$12,900	Individual: \$6,350 Family: \$12,700

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### Related External Articles:

- Reminder: ACA's Out-of-Pocket Limits Differ from HSA-Qualified HDHPs Starting in 2015 (<http://www.ERISAPracticeCenter.com/2014/05/09/reminder-acas-out-of-pocket-limits-differ-from-hsa-qualified-hdhp-starting-in-2015/>), Proskauer Rose LLP, May 2014
- Medicare Part D Amounts Will Increase in 2015 (<http://www.sibson.com/publications-and-resources/capital-checkup/archives/?id=2538>), Sibson Consulting, April 2014

#### **Related SHRM Articles—2015 Adjustments:**

For 2015, FSA Contribution Limit Rises to \$2,550 ([www.shrm.org/hrdisciplines/benefits/Articles/Pages/FSA-contribution-limit-2015.aspx](http://www.shrm.org/hrdisciplines/benefits/Articles/Pages/FSA-contribution-limit-2015.aspx)) (and other supplemental benefit rate changes), *SHRM Online* Benefits, October 2014

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For 2015, 401(k) Contribution Limit Rises to \$18,000 ([www.shrm.org/hrdisciplines/benefits/Articles/pages/2015-irs-401k-contribution-limits.aspx](http://www.shrm.org/hrdisciplines/benefits/Articles/pages/2015-irs-401k-contribution-limits.aspx)) (and other retirement plan rate changes), *SHRM Online* Benefits, October 2014

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For 2015, Income Subject to FICA Payroll Tax Increases ([www.shrm.org/hrdisciplines/compensation/Articles/Pages/fica-social-security-tax-2015.aspx](http://www.shrm.org/hrdisciplines/compensation/Articles/Pages/fica-social-security-tax-2015.aspx)) (and other payroll deferral changes), *SHRM Online* Compensation, October 2014

#### **Related SHRM Articles—HSAs:**

Do HSAs Lead to a Shift in Prescription Drug Use? ([www.shrm.org/hrdisciplines/benefits/Articles/Pages/HSAs-Prescription-Drugs.aspx](http://www.shrm.org/hrdisciplines/benefits/Articles/Pages/HSAs-Prescription-Drugs.aspx)), *SHRM Online* Benefits, April 2014

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Law Removes Deductible Limits for Small-Group Plans ([www.shrm.org/hrdisciplines/benefits/Articles/Pages/Deductible-Limits-Gone.aspx](http://www.shrm.org/hrdisciplines/benefits/Articles/Pages/Deductible-Limits-Gone.aspx)), *SHRM Online* Benefits, April 2014

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HSA Enrollments Grow, While HRAs Shrink ([www.shrm.org/hrdisciplines/benefits/Articles/pages/hsas-grow-hras-shrink.aspx](http://www.shrm.org/hrdisciplines/benefits/Articles/pages/hsas-grow-hras-shrink.aspx)), *SHRM Online* Benefits, December 2013

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In Case Study, HSA Shift Led to Sustained Savings ([www.shrm.org/hrdisciplines/benefits/Articles/pages/hsa-case-study.aspx](http://www.shrm.org/hrdisciplines/benefits/Articles/pages/hsa-case-study.aspx)), *SHRM Online* Benefits, August 2013

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Consumer-Driven Decision: Weighing HSAs vs. HRAs ([www.shrm.org/hrdisciplines/benefits/Articles/Pages/HSAsvsHRAs.aspx](http://www.shrm.org/hrdisciplines/benefits/Articles/Pages/HSAsvsHRAs.aspx)), *SHRM Online* Benefits, updated April 2014

#### **Related SHRM Videos:**



(www.shrm.org/multimedia/video/focusonhr/Pages/0714\_KevinCrain\_HSATrends\_feature.aspx)



(www.shrm.org/multimedia/video/focusonhr/Pages/0714\_KevinCrain\_HSA\_Communication\_feature.aspx)

(www.shrm.org/multimedia/video/focusonhr/Pages/0714\_KevinCrain\_HSA\_Communication\_feature.aspx)  
**for Current and Future Expenses**

(www.shrm.org/multimedia/video/focusonhr/Pages/0714\_KevinCrain\_HSA\_Communication\_feature.aspx)  
Kevin Crain, senior relationship executive, explains the impact of HSA spenders and savers.

**HSAs and Financial Wellness**

(www.shrm.org/multimedia/video/focusonhr/Pages/0714\_KevinCrain\_HSA\_Communication\_feature.aspx)

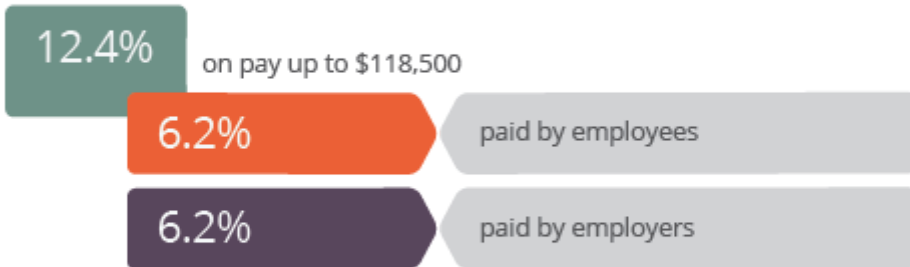
Employers are educating participants about HSAs, Crain explains.

# 2015 Benefit Limits and Payroll Tax Adjustments

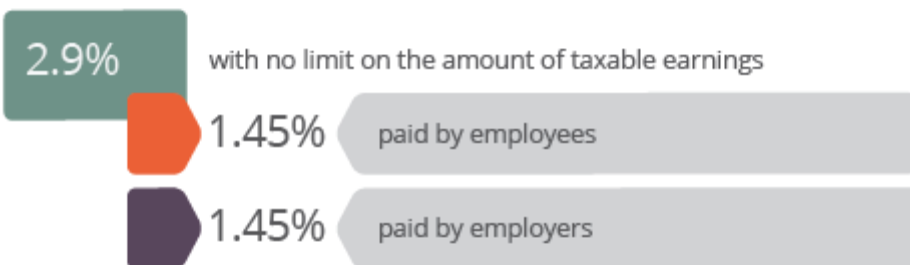
Feedback

## PAYROLL TAXES

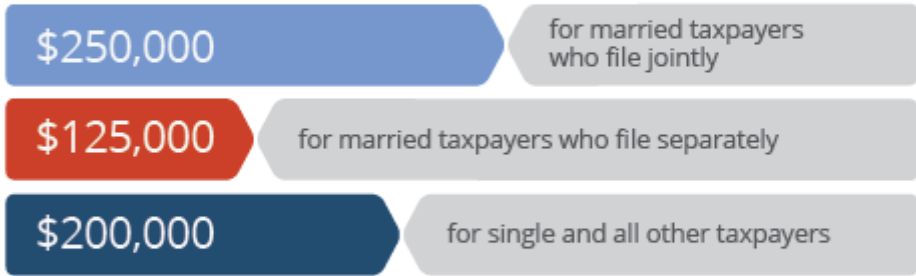
### Social Security FICA tax



### Medicare FICA tax

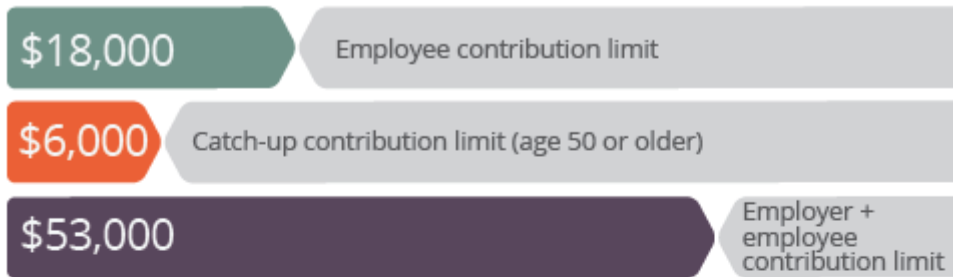


**Additional Medicare Tax**  
0.9% on pay in excess of:



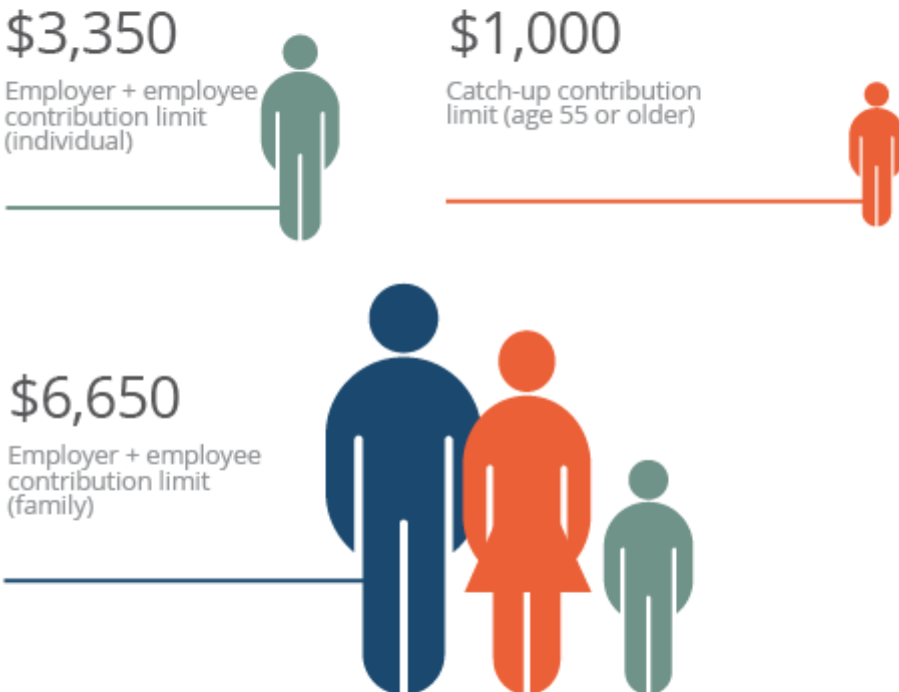
## BENEFITS: PRETAX CONTRIBUTION CAPS

### Defined Contribution Plans—401(k), 403(b) and most 457 plans



Compensation limit for calculating contributions: \$265,000

### Health Savings Accounts (HSAs)



## Other Benefit Contribution Limits



**\$2,550**  
annual flexible  
spending accounts



**\$250**  
monthly parking



**\$130**  
monthly commuter  
transportation

([www.shrm.org/ResourcesAndTools/hr-topics/benefits/Documents/15-0063%202015%20Benef%20Limits\\_Payroll%20Tax%20Adjust\\_V2.jpg](http://www.shrm.org/ResourcesAndTools/hr-topics/benefits/Documents/15-0063%202015%20Benef%20Limits_Payroll%20Tax%20Adjust_V2.jpg))

### Quick Links:

*SHRM Online* Benefits Topics & Strategy ([www.shrm.org/rewards](http://www.shrm.org/rewards))

*SHRM Online* Health Care Reform Resource Page ([www.shrm.org/healthcare](http://www.shrm.org/healthcare))

*SHRM Online* Wellness Programs Resource Page ([www.shrm.org/wellness](http://www.shrm.org/wellness))

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