

2023 Index Figures

The following general summary is intended to educate employers and plan sponsors on the potential effects of recent government guidance on employee benefit plans. This summary is not and should not be construed as legal or tax advice. The government's guidance is complex and very fact specific. As always, we strongly encourage employers and plan sponsors to consult competent legal or benefits counsel for all guidance on how the actions apply in their circumstances.

On October 18, 2022, the Internal Revenue Service issued¹ the 2023 annual inflation adjustments for many tax provisions of the IRS Code. These adjusted amounts will be used to prepare tax year 2023 returns in 2024. Also, on October 21, the IRS released² the dollar limitations for qualified retirement plans for tax year 2023, including 401(k) plans.

Indexed Compensation Levels

For highly compensated and Key Employee definitions:

	2023	2022	2021	2020
Highly Compensated Employee	\$150,000	\$135,000	\$130,000	
Key Employee	\$215,000	\$200,000	\$185,000	

401(k), 403(b), or 457 Plans

	2023	2022	2021	2020
Maximum Employee Contribution	\$22,500	\$20,500	\$19,500	
Maximum Catch-Up Allowed 50+	\$7,500	\$6,500		

Health Flexible Spending Account (FSA)

	2023	2022	2021	2020
Annual Salary Reduction Limit	\$3,050	\$2,850	\$2,750	

As a reminder, Healthcare FSAs that permit the carryover of unused amounts, the maximum carryover amount is increased to an amount equal to 20 percent of the maximum health FSA salary reduction contribution for that plan year.³

¹ <https://www.irs.gov/pub/irs-drop/rp-22-38.pdf>

² <https://www.irs.gov/pub/irs-drop/n-22-55.pdf>

³ <https://www.irs.gov/pub/irs-drop/n-20-23.pdf>

Dependent Care Assistance Program (DCAP)

	2023	2022	2021*	2020
Maximum DCAP Amount				
Unless Married Filing Separately	\$5,000			
If Married Filing Separately	\$2,500			
Deemed Income of Spouse Incapable of Self-Care or Full-Time Student				
With 1 Qualifying Individual	\$250/month			
With 2 or More Qualifying Individuals	\$500/month			

*While the \$5,000/\$2,500 DCAP limit has not changed, the maximum amount of DCFSA benefits permitted for income exclusion was temporarily increased to \$10,500 (or \$5,250 for married taxpayers filing separately) for the 2021 taxable year only⁴ and will return to \$5,000/\$2,500 for 2022 and subsequent years unless Congress acts.

There are adjustments to some of the general tax limits that are relevant to the federal income tax savings under a DCAP. These include the 2022 tax rate tables, earned income credit amounts, and standard deduction amounts. The child tax credit limits are also relevant when calculating the federal income tax savings from claiming the dependent care tax credit (DCTC) versus participating in a DCAP.

Commuter Accounts

	2023	2022	2021	2020
Parking – Monthly Limit	\$300	\$280	\$270	
Transit and Vanpooling – Monthly Limit	\$300	\$280	\$270	

Adoption Assistance Exclusion and Adoption Credit

	2023	2022	2021	2020
Phase Out (modified Adjusted Gross Income)	\$239,230-\$279,230	\$223,410 - \$263,410	\$216,660 - \$256,660	\$214,520 - \$254,520
Maximum Exclusion for Employer- Provided Adoption Assistance	\$15,950	\$14,890	\$14,400	\$14,300
Adoption Tax Credit Limit	\$15,950	\$14,890	\$14,400	\$14,300

⁴https://www.healthequity.com/doclib/compliance/Compliance_Alert_American_Rescue_Plan_Act_COBRA_Subsidy_Final_3.12.2021.pdf



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Health Savings Account (HSA)⁵

	2023	2022	2021	2020
Minimum deductible amounts for the qualifying high-deductible health plan (HDHP)				
Individual Coverage	\$1,500	\$1,400		
Family Coverage	\$3,000	\$2,800		
Maximum Contribution Levels				
Individual Coverage	\$3,850	\$3,650	\$3,600	\$3,550
Family Coverage	\$7,750	\$7,300	\$7,200	\$7,100
Catch-Up Allowed for Those 55+	\$1,000			
Maximums for HDHP Out-of-Pocket Expenses				
Individual Coverage	\$7,500	\$7,050	\$7,000	\$6,900
Family Coverage	\$15,000	\$14,100	\$14,000	\$13,800

Excepted Benefit Health Reimbursement Arrangement (EBHRA)

	2023	2022	2021	2020
Maximum Newly Available Benefit Amount	\$1,950	\$1,800		

Qualified Small Employer Health Reimbursement Arrangement (QSEHRA)

	2023	2022	2021	2020
Individual Coverage	\$5,850	\$5,450	\$5,300	\$5,250
Family Coverage	\$11,800	\$11,050	\$10,700	\$10,600

⁵ <https://www.wageworks.com/employers/employer-resources/compliance-briefing-center/regulatory-updates/2021/2022-hsa-index-figures-and-irs-guidance-on-tax-treatment-of-dependent-care-benefits-available-under-extended-claims-periods-or-carryover/>

⁶ <https://www.irs.gov/pub/irs-drop/rp-21-25.pdf>



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Archer Medical Savings Account (MSA)

	2023	2022	2021	2020
Minimum/Maximum Deductible Amounts for the Qualifying High-Deductible Health Plan (HDHP)				
Individual Coverage	\$2,650-\$3,950	\$2,450 - \$3,700	\$2,400 - \$3,600	\$2,350 - \$3,550
Family Coverage	\$5,300-\$7,900	\$4,950 – 7,400	\$4,800 - \$7,150	\$4,750 - \$7,100
Maximum Contribution Levels				
Individual Coverage – 65% of Deductible Amount	\$2,567.50	\$2,405.00	\$2,340.00	\$2,307.50
Family Coverage – 75% of Deductible Amount	\$5,925.00	\$5,550.00	\$5,362.50	\$5,325.00
Maximums for HDHP Out-of-Pocket Expenses				
Individual Coverage	\$5,300	\$4,950	\$4,800	\$4,750
Family Coverage	\$9,650	\$9,050	\$8,750	\$8,650

Nothing in this communication is intended as legal, tax, financial or medical advice. We assume no liability whatsoever in connection with its use, nor are these comments directed to specific situations. Always consult a professional when making life-changing decisions.