# 2020 Numbers You Need to Know

## Health Savings Account (HSA)

For calendar year 2020, the annual limitation on contributions for an individual with self-only coverage under a high-deductible health plan (HDHP) is $3,550 and for an individual with family coverage it is $7,100. The HDHP annual deductible cannot be less than $1,400 for self-only coverage or $2,800 for family coverage, and the annual out-of-pocket expenses cannot exceed $6,900 for self-only coverage or $13,800 for family coverage.

On May 28, 2019 the IRS announced the 2020 Health Savings Account (HSA) contribution limit increases within their release of Revenue Procedure 2019-25. In addition, the 2020 HDHP deductible amounts and out-of-pocket expense limits were announced. To be eligible to contribute to an HSA in 2020, one must be enrolled in an HDHP.

The catch-up contribution allowed for those 55 and over remains at $1,000. Remember, you must have a qualifying HDHP and no other impermissible coverage (such as coverage under another employer's plan or from a health care flexible spending account that is not specifically compatible with an HSA) in order to fund an HSA.

| HSA | 2019 | 2020 | 2021 |
|---|---|---|---|
| **Minimum deductible amounts for the qualifying HDHP** | | | |
| **Individual coverage** | $1,350 | $1,400 | **$1,400** |
| **Family coverage** | $2,700 | $2,800 | **$2,800** |
| **Maximum contribution levels** | | | |
| **Individual coverage** | $3,500 | $3,550 | **$3,600** |
| **Family coverage** | $7,000 | $7,100 | **$7,200** |
| **Catch up allowed for those 55 and over** | $1,000 | $1,000 | **$1,000** |
| **Maximums for HDHP out-of-pocket expenses** | | | |
| **Individual coverage** | $6,750 | $6,900 | **$7,000** |
| **Family coverage** | $13,500 | $13,800 | **$14,000** |

## Healthcare Flexible Spending Account (FSA)

Per IRS regulations, the pretax employee contribution limit to a Health Flexible Spending Account (FSA) for 2020 is $2,750, an increase of $50 from the 2019 limit.

| Health FSA | 2018 | 2019 | 2020 |
|---|---|---|---|
| **Medical FSA contribution limit** | $2,650 | $2,700 | **$2,750** |

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## Dependent and/or Child Daycare Flexible Spending Account (Dependent Care FSA)

The 2020 cafeteria plan daycare contribution limit is $5,000 for a married couple filing a joint return, or for a single parent filing as "Head of Household." For a married couple filing separate returns, the limit is $2,500 each. The daycare credit is reduced dollar for dollar by contributions to or benefits received from an employer's cafeteria plan. An employee may participate in their employer's cafeteria plan and take a portion of the daycare expenses through the credit, but within the tax credit limits.

| Dependent Care FSA | 2018 | 2019 | 2020 |
|---|---|---|---|
| **Maximum Annual Contribution Limit; married and filing jointly or single parent** | $5,000 | $5,000 | **$5,000** |
| **Maximum Annual Contribution Limit; married and filing separate** | $2,500 | $2,500 | **$2,500** |

## Qualified Transportation Account (QTA)

The monthly QTA limit for both mass transit and parking increased by $5 in 2020, for a maximum monthly contribution limit of $270.

| QTA | 2018 | 2019 | 2020 |
|---|---|---|---|
| **QTA monthly limit** | $260 | $265 | **$270** |

## Standard Mileage Rates for Business, Medical and Moving

Per the IRS IR-2019-215 statement that was issued on December 31, 2019, beginning on January 1, 2020, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) are:

- 57.5 cents per mile driven for business use, down one half of a cent from the rate for 2019,
- 17 cents per mile driven for medical or moving purposes, down three cents from the rate for 2019, and
- 14 cents per mile driven in service of charitable organizations.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs only.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates. More info here.

## Qualified Small Employer Health Reimbursement Arrangement (QSEHRA)

The employer contribution limits for qualified small employer HRAs in 2020 are $5,250 for single employees and $10,600 for families.

| QSEHRA | 2018 | 2019 | 2020 |
|---|---|---|---|
| **Self-only QSEHRA contribution limit** | $5,050<br>$420 / mo | $5,150<br>$429 / mo | **$5,250**<br>**$437.50 / mo** |
| **Family QSEHRA contribution limit** | $10,250<br>$883.33 / mo | $10,450<br>$870 / mo | **$10,600**<br>**$854 / mo** |