

The Internal Revenue Service Health and Welfare Limits for 2025

NOVEMBER 20, 2024

The Internal Revenue Service recently published limits for 2025 in [Revenue Procedure 2024-40](#). Below we have outlined health and welfare limits for 2025 and the changes in those limits from 2024.

ACCOUNT	2024	2025	CHANGE FROM 2024 TO 2025
Health Care Flexible Spending Account			
Maximum contribution amount per employee	\$3,200	\$3,300	Increase of \$100
Dependent Care Flexible Spending Account			
Maximum contribution amount per individual or married couples filing jointly	\$5,000	\$5,000	No change
Maximum contribution amount per individual or married couple filing separately	\$2,500	\$2,500	No change

Adoption Assistance			
The amount that can be excluded from an employee's gross income for the adoption of a child with special needs (the amount excludable from an employee's gross income begins to phase out for taxpayers with modified adjusted gross income in excess of \$259,190 and is completely phased out for taxpayers with modified adjusted gross income of \$299,190 or more)	\$16,810	\$17,280	Increase of \$470
Commuter Benefits			
The aggregate fringe benefit exclusion amount for transportation in a commuter highway vehicle, transit pass, and qualified parking	\$315 per month	\$325 per month	Increase of \$10 per month or \$120 per year
Consumer-Directed Accounts			
High-Deductible Health Plan (HDHP)			
<i>HDHP – Minimum annual deductible:</i>			
Self-only coverage	\$1,600	\$1,650	Increase of \$50

Family coverage	\$3,200	\$3,300	Increase of \$100
<i>HDHP – Maximum out-of-pocket amounts (this includes deductibles, co-payments and co-insurance, but not premiums)</i>			
Self-only coverage	\$8,050	\$8,300	Increase of \$250
Family coverage	\$16,100	\$16,600	Increase of \$500
Health Savings Accounts (HSA)			
<i>HSA– Annual contribution limit:</i>			
Self-only coverage	\$4,150	\$4,300	Increase of \$150
Family coverage	\$8,300	\$8,550	Increase of \$250
Catch-up contributions (age 55 or older)	\$1,000	\$1,000	No change

In addition, the Centers for Medicare and Medicaid Services (CMS) recently published their [annual guidance](#) regarding the maximum limitation on cost sharing for 2026, including an annual out-of-pocket maximum limit (the Affordable Care Act requires that non-grandfathered health plans comply with cost-sharing limits for essential health benefits). CMS has indicated that the annual out-of-pocket maximum limit for non-grandfathered plans will increase approximately 10.3% as shown in the chart below:

MAXIMUM OUT-OF-POCKET LIMIT UNDER ACA	2025	2026	CHANGE FROM 2025 TO 2026
Self-only coverage	\$9,200	\$10,150	Increase of \$950
Family coverage	\$18,400	\$20,300	Increase of \$1,900

Note: The Internal Revenue Service will publish the 2026 out-of-pocket maximums and other limits for high-deductible health plans in 2025.

WINSTON TAKEAWAY

Plan sponsors should ensure the increased dollar limits are appropriately reflected in their payroll and plan administration programs for 2025 and included in annual and other required communications to plan participants. Plan sponsors and health insurance issuers of non-grandfathered health plans should also review the recently updated out-of-pocket maximums when addressing their health plan designs and cost-sharing requirements for 2026.

Kristine Lofquist, paralegal, co-authored this blog.

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