

IRS changes 2018 contribution limit for HSAs

By Ali Hashem, Compliance Manager

On March 5, 2018 the IRS released bulletin [2018-10](#) changing the contribution limit for family health savings accounts. The family health savings account contribution limit for 2018 was previously \$6,900. It is now \$6,850.

Why is the contribution limit change happening now?

In order to account for the new tax bill, passed at the end of 2017, the IRS has been making adjustments. The IRS must modify the method in which it calculates inflation adjusted or cost of living adjusted limits for 2018. As a result, the IRS is now using a different index to calculate and account for such changes. The IRS adjusts health savings account limits on an annual basis, six months before the start of the impacted year. However, the new limit of \$6,850 now replaces the previously stated limit of \$6,900.

Is self-only contribution impacted?

No. The Self-only contribution limit has not changed and remains \$3,450 for 2018.

Next Steps?

Employers should inform employees of the reduction. If an employee has already made the (initially stated \$6,900) maximum contribution for 2018, they will need to seek a \$50 taxable refund.

Questions?

If you have any questions regarding bulletin [2018-10](#) or the change in family health savings account contribution limits, please contact your benefit advisor at BRSi.

Disclaimer: This Compliance Alert is for informational purposes only and is not intended to be legal or tax advice. Please consult with legal counsel or a tax attorney for further guidance.

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