

## Harter Secrest &amp; Emery LLP

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## EMPLOYEE BENEFITS AND EXECUTIVE COMPENSATION

**IRS ANNOUNCES DECREASE IN FAMILY HSA CONTRIBUTION LIMIT FOR 2018**

On March 5, 2018, the IRS announced that for 2018, the maximum contribution an individual may make to a health savings account (“HSA”) based on enrollment in family coverage is \$6,850. This marks a decrease from the \$6,900 maximum that the IRS had previously announced as the limit.

The reason for this decrease is that the new tax law contains a provision that changes the way inflation adjustments are made for, among other things, HSA contributions. Fortunately, the only impact for 2018 is on the HSA contribution limit for family coverage; all other limits (including deductibles and out-of-pocket maximum limits for HSA-compatible plans and the HSA contribution limit based on enrollment in self-only coverage) remain unchanged.

Employers that allow employees to make salary reduction contributions to an HSA should take swift action to prevent employees from contributing more than \$6,850 (or \$7,850 for employees who will be 55 or older at the end of 2018 and thus entitled to make a \$1,000 “catch-up” contribution). It is not clear from existing IRS guidance whether employers have any obligations to take action if employees have, relying on the earlier IRS announcement, already contributed \$6,900 to their HSAs in 2018 through salary reductions. IRS guidance on this issue would be welcome.

If you have any questions regarding this alert, please do not hesitate to contact any member of our firm’s Employee Benefits and Executive Compensation Practice Area at 585.232.6500 or visit [www.hselaw.com](http://www.hselaw.com).

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