

Employee Benefits & Executive Compensation



Annual Limitations

Effective as of January 1, 2022

LIMIT	2022		2021		2020	
Elective Deferrals IRC Section: 402(g)(1); 457(e)(15); 408(p)(2)(E) 401(k), 403(b), 457(b), and SEPs SIMPLE Plans	\$20,500	\$14,000	\$19,500	\$13,500	\$19,500	\$13,500
Catch-up Contributions (age 50 and older) IRC Section: 414(v)(2)(B)(i) & (ii) 401(k), 403(b), Governmental 457(b), and SEPs SIMPLE Plans	\$6,500	\$3,000	\$6,500	\$3,000	\$6,500	\$3,000
Annual Compensation Limit IRC Section: 401(a)(17); 404(l) General Limit Certain Governmental Plans	\$305,000	\$450,000	\$290,000	\$430,000	\$285,000	\$425,000
Limitations on Benefits and Contributions IRC Section: 415(b)(1)(A); 415(c)(1)(A) Defined Contribution Plans Defined Benefit Plans	\$61,000	\$245,000	\$58,000	\$230,000	\$57,000	\$230,000
"Highly Compensated Employee" Definition IRC Section: 414(q)(1)(B)	\$135,000		\$130,000		\$130,000	
"Key Employee" / "Officer" Definition for Top-Heavy Plans IRC Section: 416(i)(1)(A)(i)	\$200,000		\$185,000		\$185,000	
PBGC Guaranteed Annual Benefit (single life annuity payable at age 65; rounded)	\$74,455		\$72,409		\$69,750	
SEP Coverage IRC Section: 408(k)(2)(C); 408(k)(3)(C) Minimum Compensation Maximum Compensation	\$650	\$305,000	\$650	\$290,000	\$600	\$285,000
Health Savings Accounts (HSAs) Maximum Annual Contributions Minimum Deductible Maximum Out-of-Pocket	Single \$3,650 \$1,400 \$7,050	Family \$7,300 \$2,800 \$14,100	Single \$3,600 \$1,400 \$7,000	Family \$7,200 \$2,800 \$14,000	Single \$3,550 \$1,400 \$6,900	Family \$7,100 \$2,800 \$13,800
Qualified Small Employer Health Reimbursement Arrangements (QSEHRAs) Maximum Annual Reimbursements	Single \$5,450	Family \$11,050	Single \$5,300	Family \$10,700	Single \$5,250	Family \$10,600
Excepted Benefit Health Reimbursement Arrangements* Maximum Annual Reimbursements	\$1,800		\$1,800		\$1,800	
Health Care Flexible Spending Account Maximum Salary Reduction Contributions	\$2,850 per employee per unrelated employer**		\$2,750 per employee per unrelated employer**		\$2,750 per employee per unrelated employer**	
Dependent Care Assistance Maximum	\$5,000 \$2,500 (married filing separately)***		\$10,500 \$5,250 (married filing separately)***		\$5,000 \$2,500 (married filing separately)***	

LIMIT	2022	2021	2020
Qualified Transportation Fringe (Monthly)			
Parking	\$280	\$270	\$270
Mass Transit Pass/Vanpool	\$280	\$270	\$270
Adoption Assistance Programs			
Maximum Exclusion per Child	\$14,890	\$14,440	\$14,300
Phase-Out Floor	\$223,410	\$216,660	\$214,520
Phase-Out Ceiling	\$263,410	\$256,660	\$254,520
Long-Term Care Deductible Premiums			
Age 40 and younger	\$450	\$450	\$430
Age 41 to 50	\$850	\$850	\$810
Age 51 to 60	\$1,690	\$1,690	\$1,630
Age 61 to 70	\$4,520	\$4,520	\$4,350
Over age 70	\$5,640	\$5,640	\$5,430
Total FICA Tax (Combined OASDI and HI Portions)			
Employers	7.65%	7.65%	7.65%
Employees	7.65%****	7.65%****	7.65%****
FICA Taxes (HI Portion)			
Employees and Employers, each	1.45%****	1.45%****	1.45%****
Wage Base	All Wages	All Wages	All Wages
Social Security Tax (OASDI Portion)			
Employers	6.2%	6.2%	6.2%
Employees	6.2%	6.2%	6.2%
Wage Base	\$147,000	\$142,800	\$137,700

*Pursuant to final rules issued June 20, 2019 (84 Fed. Reg. 28888), effective January 1, 2020, an Excepted Benefit HRA can be used to reimburse the costs of certain §213(d) medical expenses for eligible employees. See also Revenue Procedure 2020-43.

**Plan sponsors may design their plans to allow participants to carry over unused amounts for reimbursement of qualified medical expenses incurred during the following plan year. Prior to the passage of the Consolidated Appropriations Act, 2021 (the "Act"), which was signed into law on December 27, 2020, these amounts were \$500 for 2019 that could be carried over into 2020 and \$550 for 2020 that could be carried over into 2021 (as amended upwards from \$500 by Notice 2020-33). Pursuant to the Act, however, a cafeteria plan may provide that any unused amounts in a health care flexible spending account can be carried over from 2020 into 2021, and from 2021 into 2022. Similarly, an employer may amend a plan to extend the grace period rule to permit employees to apply any unused amounts remaining in a health care flexible spending account as of the end of a plan year ending in 2020 or 2021 to reimburse expenses incurred for the same qualified benefit up to 12 months after the end of that plan year (normally, reimbursements may only continue to be made for expenses incurred within the first 2 ½ months after the close of the plan year). See IRS Notices 2013-71, 2020-33 and 2021-15, and Revenue Procedure 2020-45 for further details. An employer may not amend its plan to adopt both the carryover and extended grace period relief for a particular plan year for a health care or dependent care flexible spending program. The IRS has noted that the otherwise applicable rules regarding carryovers and grace periods will apply for plan years ending in or after 2022 (i.e., if a plan provides for a grace period for the plan year ending in 2022, participants could only use their unused balances during the first two and one-half months of the plan year ending in 2023, and carryovers would be limited to the greater of up to \$550 or 20 percent of the indexed contribution limit under Internal Revenue Code section 125(i) of unused amounts remaining at the end of the 2022 plan year). See IRS Notice 2021-15 for further details.

***Prior to the passage of the American Rescue Plan Act of 2021 ("ARPA"), signed into law on March 11, 2021, the annual limit on pre-tax employer reimbursements from a dependent care assistance program ("DCAP") for 2021 was \$5,000, and \$2,500 in the case of a separate return filed by a married individual. The ARPA provided that for the 2021 calendar year only, the DCAP limit would be increased to \$10,500 (\$5,250 in the case of a separate return filed by a married individual). Employers may, but are not required to, amend their plans to reflect the increased DCAP limit. Any such amendment must be made on or before the last day of the plan year in which the amendment becomes effective (but can be retroactive to the beginning of 2021).

Further, while carryovers normally are not permitted for amounts remaining in a DCAP account at the end of a plan year, the Act and related IRS guidance provide that a cafeteria plan may be amended to allow any unused amounts in DCAP account to be carried over from 2020 into 2021, and from 2021 into 2022, and a DCAP may also be amended to include an extended grace period rule to allow employees to apply unused amounts remaining in their DCAP account at the end of a plan year ending in 2020 or 2021 to expenses for up to the next 12 months, parallel to the health care flexible spending account changes discussed in footnote **, above. The IRS clarified that the carryover will not be available for DCAPs for plan years ending in or after 2022. See IRS Notice 2021-15 for further details.

****Higher-income employees will be subject to an additional 0.9% Medicare tax on wages in excess of threshold amounts based on filing status as listed in the table below. Employers are required to withhold the 0.9% Medicare tax on wages paid to an employee in excess of \$200,000 in 2022 without regard to filing status.

FILING STATUS	THRESHOLD AMOUNT
Married filing jointly	\$250,000
Married filing separately	\$125,000
Single; Head of Household (with qualifying person); or Qualifying widow(er) with dependent child	\$200,000

For more information on the application of these limitations, please contact any of the following members of our Benefits practice:

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