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IRS Releases 2015 Inflation Adjustments for Various Tax Benefits

The IRS has released new inflation-adjusted [amounts](#) for 2015. Typically updated annually to reflect cost-of-living adjustments, the latest adjustments include salary deduction tax limits for many employer-sponsored benefits.

The tax items for the 2015 tax year of greatest interest to health and welfare plan sponsors include the following dollar amounts:

- **FSAs.** The annual plan year dollar limit on employee contributions to employer-sponsored healthcare flexible spending arrangements (FSAs) has increased to \$2,550 for the 2015 year, up from \$2,500 in 2014. The limit for a dependent care FSA will remain \$5,000 for an individual or married couple filing a joint tax return, or \$2,500 per person for those married and filing separately.
- **Transportation limit changes.** The 2015 monthly limit on the amount that may be excluded from an employee's income for qualified parking benefits remains the same at \$250 per month. The combined monthly limit for transit passes and vanpooling (commuter highway) is also unchanged at \$130 for 2015.
- **Adoption credit.** The maximum that can be excluded from an employee's income under an employer-provided adoption assistance program rises to \$13,400 (from \$13,190). The credit begins to phase out for taxpayers with modified adjusted gross income in excess of \$201,010 (from \$197,880 in 2014) and is completely phased out for taxpayers with modified adjusted gross income of \$241,010 (from \$237,880 in 2014) or more.
- **Long-term care.** The limitations regarding eligible long-term care premiums includible in the term "medical care" for 2015 are \$380 (attained age of 40 or less before close of tax year), \$710 (41-50), \$1,430 (51-60), \$3,800 (61-70) and \$4,750 (over 70).
- **Archer MSA limits rise.** For Archer Medical Savings Accounts (MSAs), the term "high deductible health plan" means, for self-only coverage, a health plan that has an annual deductible that is not less than \$2,200 and not more than \$3,300, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed \$4,450. For family coverage, the term "high deductible health plan" means, a health plan that has an annual deductible that is not less than \$4,450 and not more than \$6,650, and under which the annual out-of-pocket expenses required to be paid (other than for premiums) for covered benefits do not exceed \$8,150.
- **Small Business Tax Credit rises.** The Patient Protection and Affordable Care Act's Small Business Tax Credit provides that the maximum credit is phased out based on the employer's number of full-time equivalent employees in excess of 10 and the employer's

average annual wages in excess of \$25,800 for tax year 2015, up from \$25,300 in 2014.

- **HSAs/HDHPs.** In April 2014, the IRS [released](#) the 2015 cost-of-living adjustments affecting HSAs and HDHPs. Please see our [Update](#) for information on the 2015 HSA and HDHP limits.

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