



Frost Insurance Benefits Compliance Tip

EMPLOYEE BENEFITS ANNUAL DOLLAR LIMITS

JANUARY 21, 2025

EMPLOYER SHARED RESPONSIBILITY PENALTIES (EMPLOYER MANDATE)	PER CALENDAR YEAR: (DETERMINED MONTHLY)	
	2024	2025
Penalty A (Annualized): Failure to offer minimum essential coverage (MEC) to substantially all (95%) full-time employees (FTEs). Assessed on all FTEs, minus 30.	\$2,970	\$2,900
Penalty B (Annualized): Failure to offer affordable, minimum value (MV) coverage.	\$4,460	\$4,350

AFFORDABILITY SAFE HARBORS	PER CALENDAR YEAR:	
	2024	2025
Safe Harbor percentage:	8.39%	9.02%
FPL Safe Harbor for plan years beginning July 1 - December 1, 2024 (Federal Poverty Level (FPL) \$15,060*):	\$105.29	N/A
FPL Safe Harbor for plan years beginning January 1 - June 1, 2025 (Federal Poverty Level (FPL) \$15,060*):	N/A	\$113.20
FPL Safe Harbor for plan years beginning July 1 - December 1, 2025 (Federal Poverty Level (FPL) \$15,650*):	N/A	\$117.64

*Use the Federal Poverty Level in place six months prior to the first day of the plan year.

IRS LIMITS ON FLEXIBLE SPENDING ARRANGEMENTS (FSAs)	PER PLAN YEAR BEGINNING:	
	2024	2025
Health FSA maximum salary reduction:		
■ General purpose	\$3,200	\$3,300
■ Limited purpose	\$3,200	\$3,300
■ Post-deductible	\$3,200	\$3,300
■ Combination limited purpose/post-deductible	\$3,200	\$3,300
Health FSA carryover:	\$640	\$660
	PER CALENDAR YEAR:	
	2024	2025
Dependent care FSA*:		
■ Married, filing jointly or single	\$5,000	\$5,000
■ Married, filing separately	\$2,500	\$2,500

*Exclusion from income limited to lesser of amount shown or employee/spouse's respective earned income.

PCOR FEE	PER COVERED LIFE:
Policy or plan years beginning on or after October 1, 2023 and before October 1, 2024:	\$3.22
Policy or plan years beginning on or after October 1, 2024 and before October 1, 2025:	\$3.47

* The PCOR Fee, which was previously scheduled to end in 2019, was extended as part of the *Further Consolidated Appropriations Act, 2020*, through fiscal year 2029.

HEALTH SAVINGS ACCOUNTS (HSAs) CONTRIBUTIONS AND DEDUCTIBLES	PER CALENDAR YEAR:	
	2024	2025
Maximum contributions*:		
▪ Single	\$4,150	\$4,300
▪ Family	\$8,300	\$8,550
▪ Catch-up contributions (age 55 and older)	\$1,000	\$1,000
Minimum qualified HDHP deductible:		
▪ Single	\$1,600	\$1,650
▪ Family**	\$3,200	\$3,300

*An employee's spouse may not enroll or be covered by a general purpose health FSA or Health Reimbursement Arrangement (HRA) at his/her own employer. This is considered impermissible coverage and will deem the employee ineligible to make or receive contributions to an HSA.

**To retain HSA eligibility, no coverage (outside of preventive care), may be provided until the minimum family deductible is met by an individual covered under family coverage.

MAXIMUM OUT-OF-POCKET DOLLAR LIMITS	PER PLAN YEAR BEGINNING:	
	2024	2025
Qualifying High Deductible Health Plans (HSA compatible):		
▪ Single	\$8,050	\$8,300
▪ Family	\$16,100	\$16,600
▪ Embedded individual OOP maximum	\$9,450	\$9,200
Health care reform:		
▪ Single	\$9,450	\$9,200
▪ Family**	\$18,900	\$18,400
▪ Embedded individual OOP maximum	\$9,450	\$9,200

QUALIFIED SMALL EMPLOYER HEALTH REIMBURSEMENT ARRANGEMENT (QSEHRA)	PER CALENDAR YEAR:	
	2024	2025
▪ Single:	\$6,150	\$6,350
▪ Family:	\$12,450	\$12,800

EXCEPTED BENEFIT HRA (EBHRA)	PER CALENDAR YEAR:	
	2024	2025
Participant limit (covered employee or former employee):	\$2,100	\$2,150

LIMITS ON RETIREMENT, SOCIAL SECURITY AND MEDICARE	PER CALENDAR YEAR:	
	2024	2025
401(k) and 403(b) plan elective deferrals:	\$23,000	\$23,500
Catch-up contributions (age 50 and older):	\$7,500	\$7,500
Annual compensation limit:	\$345,000	\$350,000
Catch-up contributions (individuals who attain age 60, 61, 62 or 63 in 2025)	N/A	\$11,250
Social Security taxable wage base:	\$168,600	\$176,100
Medicare Part A deductible*:	\$1,632	\$1,676
Medicare Part B deductible:	\$240	\$257

*Deductible per benefit period for a hospital stay of one to 60 days only. See www.medicare.gov and www.ssa.gov for further amounts and more information.

NONDISCRIMINATION LIMITS	PER CALENDAR YEAR:	
	2024	2025
Highly compensated employee (HCE) threshold:	\$155,000	\$160,000
Key employee dollar threshold (officers):	\$220,000	\$230,000
Key employee dollar threshold (more-than-1%-owner):	\$150,000	\$150,000

RESOURCES

IRS Rev. Proc. 2024-40:
<https://www.irs.gov/pub/irs-drop/rp-24-40.pdf>

IRS Rev. Proc. 2024-35:
<https://www.irs.gov/pub/irs-drop/rp-24-35.pdf>

IRS Rev. Proc. 2024-14:
<https://www.irs.gov/pub/irs-drop/rp-24-14.pdf>

IRS Notice 2024-83:
https://www.irs.gov/irb/2024-49_IRB#NOT-2024-83

IRS Notice 2023-70:
<https://irs.gov/pub/irs-drop/n-23-70.pdf>

IRS Notice 2024-80:
<https://www.irs.gov/pub/irs-drop/n-24-80.pdf>

2025 Medicare Parts A and B premiums and deductibles, November 8, 2024:
<https://www.cms.gov/newsroom/fact-sheets/2025-medicare-parts-b-premiums-and-deductibles>

2024 Medicare Parts A and B premiums and deductibles, October 12, 2023:
<https://www.cms.gov/newsroom/fact-sheets/2024-medicare-parts-b-premiums-and-deductibles>

RESOURCES CONTINUED

HHS Notice of Benefit and Payment Parameters for 2025, April 15, 2024:
<https://www.govinfo.gov/content/pkg/FR-2024-04-15/pdf/2024-07274.pdf>

HHS Notice of Benefit and Payment Parameters Final Rule for 2024, April 7, 2023:
<https://www.govinfo.gov/content/pkg/FR-2023-04-27/pdf/2023-08368.pdf>

Premium Adjustment Percentage, Maximum Annual Limitation on Cost Sharing, Reduced Maximum Annual Limitation on Cost Sharing, and Required Contribution Percentage for the 2025 Benefit Year:
<https://www.cms.gov/files/document/2025-papi-parameters-guidance-2023-11-15.pdf>

Premium Adjustment Percentage, Maximum Annual Limitation on Cost Sharing, Reduced Maximum Annual Limitation on Cost Sharing and Required Contribution Percentage for the 2024 Benefit Year:
<https://www.cms.gov/files/document/2024-papi-parameters-guidance-2022-12-12.pdf>

Social Security Administration Fact Sheet for 2025:
<https://www.ssa.gov/news/press/factsheets/colafacts2025.pdf>

Social Security Administration Fact Sheet for 2024:
<https://www.ssa.gov/news/press/factsheets/colafacts2024.pdf>

2025 Annual Update of the HHS Poverty Guidelines, January 17, 2025 Federal Register:
<https://www.govinfo.gov/content/pkg/FR-2025-01-17/pdf/2025-01377.pdf>

2024 Annual Update of the HHS Poverty Guidelines, January 17, 2024 Federal Register:
<https://www.govinfo.gov/content/pkg/FR-2024-01-17/pdf/2024-00796.pdf>

Employer Mandate Penalties, see Q/A-55:
<https://www.irs.gov/affordable-care-act/employers/questions-and-answers-on-employer-shared-responsibility-provisions-under-the-affordable-care-act#Calculation>

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