



2014 Cost-of-Living Adjustments

Many employee benefit limits are automatically adjusted each year for inflation (this is often referred to as an "indexed" limit). The Internal Revenue Service and the Social Security Administration have released the indexed figures for 2014. Because inflation is relatively low and some amounts are adjusted only if the increase meets a minimum, many amounts are unchanged for 2014.

Limits of particular interest to employers include the following.

For health and Section 125 plans:

- The health flexible spending account maximum employee contribution remains at \$2,500
- The maximum out-of-pocket limit that applies to all non-grandfathered plans will be \$6,350 per individual and \$12,700 per family
- The minimum deductible for a high deductible health plan coupled with a health savings account (HSA) remains at \$1,250 per individual and \$2,500 per family
- The maximum out-of-pocket for a high deductible health plan coupled with a health savings account (HSA) will increase to \$6,350 per individual and \$12,700 per family
- The maximum HSA contribution will increase to \$3,300 for individual coverage and \$6,550 for family coverage. The catch-up contribution (available to those aged 55 and older) remains at \$1,000

For qualified plans:

- The annual deferral for 401(k), 403(b), and 457(b) plans remains at \$17,500
- The catch-up contribution limits (available to those aged 50 and older) remains at \$5,500
- The threshold for "highly compensated employees" remains at \$115,000
- The threshold for an officer to have "key employee" status will increase to \$170,000
- The annual compensation limit will increase to \$260,000

Social Security/Medicare Withholding:

- The taxable wage base will increase to \$117,000
- The OASDI tax rate remains at 6.2%
- The Medicare tax rate remains at 1.45%

The UBA Compliance Center provides information to help employers and compliance professionals meet today's ongoing and increasingly complex group health plan challenges.



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