

## IRS Modifies Certain 2018 Benefit Limits

The IRS announced in [Revenue Procedure 2018-18](#) revised 2018 inflation-adjusted benefit amounts as the Tax Cuts and Jobs Act of 2017 (“Act”) modified the index on which these benefit amounts are annually updated. The Act now requires the use of the chained CPI-U index for these parameters. These changes are retroactive to January 1, 2018.

**Health Savings Accounts (§223):** The annual contribution limit for coverage other than self-only coverage has been **lowered to \$6,850** (originally \$6,900). All other HSA-related limits remain the same and are as follows:

2018	
<b>Annual Contribution Limit</b>	
Self-Only Coverage	\$3,450
Family Coverage	<b>\$6,850</b>
<b>Annual Deductible for Qualified High Deductible Health Plan</b>	
Self-Only Coverage	\$1,350
Family Coverage	\$2,700
<b>Maximum Annual Out-of-Pocket Limit</b>	
Self-Only Coverage	\$6,650
Family Coverage	\$13,300

**Adoption Assistance Programs (§137):** The 2018 amount that can be excluded from an employee’s gross income for the adoption of a child with special needs has been **lowered to \$13,810** (originally \$13,840) which is the same amount that can be excluded from an employee’s gross income for the amounts paid or expenses incurred by an employer for qualified adoption expenses furnished pursuant to an adoption assistance program for other adoptions by the employee. The amount excludable from an employee’s gross income begins to phase out under §137(b)(2)(A) for taxpayers with 2018 modified adjusted gross income in excess of **\$207,140** (originally \$207,580).

**Failure to File Correct Information Returns (§6721) and Failure to Furnish Correct Payee Statements (§6722):** The general penalty amount for 2018 (forms and returns filed/issued in 2019) will remain at **\$270** per return although the maximum penalty will be **lowered to \$3,275,500** (originally \$3,282,500). These penalties apply to Forms 1094/1095 (B and C Series) filed in 2019.

Employers and plan sponsors should communicate applicable benefit-related changes that could impact employees’ benefit and tax planning for 2018.

### ADDITIONAL INFORMATION

Information contained in this Client Alert is not intended to render tax or legal advice. Employers should consult with qualified legal and/or tax counsel for guidance with respect to matters of law, tax and related regulation. Cherry Bekaert Benefits Consulting, LLC provides comprehensive consulting and administrative services with respect to all forms of employee benefits, risk management, qualified and non-qualified retirement plans, private client services, transaction services, and compensation and human resources.

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