

April 2018

IRS Reverses Course on 2018 Family HSA Contribution Limit

The IRS announced in Rev. Proc. 2018-27 on April 26, 2018 relief for taxpayers with family coverage under a High Deductible Health Plan (HDHP) who contribute to a Health Savings Account (HSA). **For 2018, taxpayers with family coverage under an HDHP may treat \$6,900 as the maximum deductible HSA contribution.**

The IRS announced back in March, that due to a change in the inflation adjustment calculations for 2018 under the Tax Cuts and Jobs Act, the HSA contribution limit for family coverage would be reduced by \$50 to \$6,850. Persuaded by stakeholders informing the IRS that that implementing the \$50 reduction to the limitation on deductions for individuals with family coverage would impose numerous unanticipated administrative and financial burdens, the IRS changed course and announced this relief for affected taxpayers to allow the \$6,900 limitation to remain in effect for 2018.

Any taxpayer that has already received a distribution from their HSA of an excess contribution (\$50 plus earnings) may repay the distribution to the HSA which can be treated as a distribution due to a mistake of fact due to reasonable cause.

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.

For additional information about our services, please contact Kyle Frigon at 404-733-3256 or via email at: kfrigon@cherrybekaertbenefits.com.