

FSA Contribution Limit Likely to Increase to \$2,600 in 2017

The annual limit on health FSA contributions is subject to indexing each year based on CPI-U. Although all data is not yet available, based on current information, we are projecting that the limit will increase to \$2,600 for 2017.

Background

The Affordable Care Act amended the Internal Revenue Code to impose an annual limit on salary reduction contributions to health flexible spending accounts (FSAs). For tax years beginning after December 31, 2012, the limit was \$2,500. Beginning in 2014, the limit is subject to indexing based on the increase in Consumer Price Index for All Urban Consumers (CPI-U) each year. The 2016 limit was \$2,550. (See our [October 21, 2015 For Your Information.](#))

2017 Limit Likely to Increase to \$2,600

The 2017 indexing will be based on CPI-U through August 2016. Although the August CPI-U will not be available for another month, based on CPI-U through July, we are projecting that the health FSA limit will increase to \$2,600 for 2017. While a significant drop in CPI-U in August could result in no increase in the FSA limit, it is highly unlikely. The IRS is not expected to formally release the 2017 FSA limit until late October.



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