

# 2021 Cost of Living Adjustments

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Employee Benefits

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*Employee Benefits Advisory*

The Internal Revenue Service has announced the 2021 cost of living adjustments to various limits. The adjusted amounts generally apply for plan years beginning in 2021. Some of the adjusted amounts, however, apply to calendar year 2021.

**Employee Benefit Plans**

Plan Year	2021	2020
401(k), 403(b), 457 deferral limit	\$19,500	\$19,500
Catch-up contribution limit (age 50 or older by end of year)	\$6,500	\$6,500
Annual compensation limit	\$290,000	\$285,000
Annual benefits payable under defined benefit plans	\$230,000	\$230,000
Annual allocations to accounts in defined contribution plans	\$58,000 (but not more than 100% of compensation)	\$57,000 (but not more than 100% of compensation)
Highly compensated employee	Compensation more than \$130,000 in 2020 plan year	Compensation more than \$130,000 in 2019 plan year

**Health Savings Accounts**

Calendar Year	2021	2020
Maximum contribution		
• Family	\$7,200	\$7,100
• Self	\$3,600	\$3,550
Catch-up contribution (participants who are 55 by end of year)	\$1,000	\$1,000
Minimum deductible		
• Family	\$2,800	\$2,800
• Self	\$1,400	\$1,400
Maximum out-of-pocket		
• Family	\$14,000	\$13,800
• Self	\$7,000	\$6,900

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**Social Security**

<b>Calendar Year</b>	<b>2021</b>	<b>2020</b>
Taxable wage base	\$142,800	\$137,700
Maximum earnings without loss of benefits		
• Under full retirement age	\$1,580/mo. (\$18,960/yr.)	\$1,520/mo. (\$18,240/yr.)
• Year you reach full retirement age	\$4,210/mo. up to month of full retirement age (\$50,520/yr.)	\$4,050/mo. up to month of full retirement age (\$48,600/yr.)

**Social Security Retirement Age**

<b>Year of Birth</b>	<b>Retirement Age</b>
Prior to 1938	Age 65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 - 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67