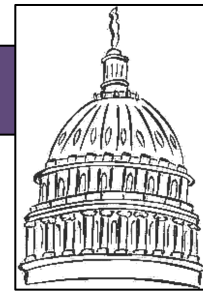
BLA
Bernie Lowe & Associates, Inc.
"Beyond the Product"

Health Care Reform Update



IMPORTANT NOTICE REGARDING HEALTHCARE REFORM
Update #82 **March, 2018**

IRS Reduces Health Savings Account Family Contribution Limit for 2018

On March 5, 2018, the IRS released Bulletin 2018-18 stating that because of changes made in the Tax Cuts and Jobs Act, adjustments are being made to inflation amounts used to determine the maximum HSA contributions that can be made for 2018. The 2018 contribution limit for health savings accounts (HSAs) linked to family coverage will be $6,850, not $6,900, as the IRS had previously announced.

Bulletin 2018-18 clarified the following:

- For HSAs, the annual tax-deductible contribution limit for tax year 2018 will stay at $3,450 for HSA account holders with self-only coverage, however the amount allowed for family coverage through a high-deductible plan has been lowered to $6,850.
- For employer adoption assistance programs, the maximum amount that can be excluded from an employee's gross income for qualified adoption expenses will be reduced to $13,810 from $13,840. Also, the adjusted gross income threshold after which the adoption exclusion begins to phase out is reduced to $207,140 from $207,580.
- Health care flexible spending accounts (FSAs) linked to the chained CPI were not affected for 2018.

Because these changes apply to tax year 2018, employees contributing to an HSA should be informed of the reduced maximum limit, and adjustments should be made in contributions for the remainder of 2018.

Employees who have already contributed the maximum amount for 2018, such as a one-time HSA contribution, will need to receive a refund of the excess contribution.

Internal Revenue Bulletin No. 2018–10