

November 2004

Inflation Adjusted Benefit Limits for 2005

The Internal Revenue Service (IRS) recently released inflation-adjusted limits for 2005. Key limits applicable to employee benefits for 2005 are set forth below in contrast to the 2004 limits.

	2004 Limit	2005 Limit
Qualified Transportation Fringe Benefits - Code § 132		
Monthly limit for commuter highway vehicle or transit pass	\$100	\$105
Monthly limit for qualified parking	\$195	\$200
Adoption Assistance Programs		
Maximum excludable from employee gross income	\$10,390	\$10,630
Exclusion phased out with modified gross income	\$155,860 - 195,860	\$159,450 - 199,450
Health Savings Accounts (HSAs)		
High deductible health plan (HDHP) - minimum annual deductible		
Individual coverage	\$1,000	\$1,000
Family coverage	\$2,000	\$2,000
HDHP - maximum out-of-pocket limit		
Individual coverage	\$5,000	\$5,100
Family coverage	\$10,000	\$10,200
HSA monthly contribution - 1/12 of lesser of annual deductible or statutory limit		
Self-only coverage limit	\$2,600 (\$216.66/mo)	\$2,650 (\$220.83/mo)
Family coverage limit	\$5,150 (\$429.16/mo)	\$5,250 (\$437.50/mo)
Catch-up contributions (age 55 or older)	\$500	\$600
Medical Savings Accounts (Archer/MSA)		
Health Plan limits - annual deductible (not less than/not more than)		
Individual coverage	\$1,700/2,600	\$1,750/2,650
Family coverage	\$3,450/5,150	\$3,500/5,250
Health Plan limits - out-of-pocket maximum		
Individual coverage	\$3,450	\$3,500
Family coverage	\$6,300	\$6,450
Maximum contribution limits		
Individual coverage (65% of deductible)	\$1,105/1,690	\$1,137/1,722
Family coverage (75% of deductible)	\$2,587/3,862	\$2,625/3,937
Personal Income Tax Exemption (income limit on qualifying relative dependent under Code § 152)		
	\$3,100	\$3,200

For further details on how these limits affect employee benefits, please do not hesitate to contact your Seyfarth Shaw LLP attorney for assistance or contact any Employee Benefits attorney on the website at www.seyfarth.com.

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