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US Employee Benefits Services Group

THE RESOURCE FOR EMPLOYERS MANAGING EMPLOYEE BENEFIT PROGRAMS

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The Tax Cuts and Jobs Act, which was signed into law last December, reduces the ACA's individual shared responsibility (or individual mandate) penalty to zero, effective beginning in 2019. Therefore, beginning in 2019, individuals will no longer be penalized for failing to obtain acceptable health coverage. Despite the repeal of the individual mandate penalty, employers and individuals must continue to comply with all other ACA provisions.

Limits for HSAs & HDHPs Will Increase for 2019

On May 10, 2018, the IRS released Revenue Procedure 2018-30 to announce the inflation-adjusted limits for health savings accounts (HSAs) and high deductible health plans (HDHPs) for 2019. These limits include:

- The maximum HSA contribution limit
- The minimum deductible amount for HDHPs
- The maximum out-of-pocket expense limit for HDHPs

2019 Limits

These limits vary based on whether an individual has self-only or family coverage under an HDHP. The IRS limits for HSA contributions will increase for 2019. The HDHP maximum out-of-pocket limits will also increase for 2019. The HSA contribution limits will increase effective Jan. 1, 2019, while the HDHP limits will increase effective for plan years beginning on or after Jan. 1, 2019.

The 2019 limits are as follows:

- HSA contribution limit
  - Self-only—$3,500 (up $50 from 2018)
  - Family—$7,000 (up $100 from 2018)
- HDHP minimum deductible
  - Self-only—$1,350 (no change)
  - Family—$2,700 (no change)
- HDHP maximum out-of-pocket expense limit
  - Self-only—$6,750 (up $100 from 2018)
  - Family—$13,500 (up $200 from 2018)

There will **not** be a change to the catch-up contribution limit that applies to HSA-eligible individuals who are age 55 or older as it is not adjusted for inflation. That limit will remain at $1,000.

Action Steps

Remember, these limits apply to plan years beginning on or after Jan. 1, 2019. Because the cost-sharing limits for HDHPs will change for 2019, employers that sponsor these plans may need to make plan design changes for plan years beginning in 2019. Also, if an employer communicates the HSA contribution limits to employees as part of the enrollment process, these enrollment materials should be updated to reflect the increased limits that apply for 2019.

Please contact us today if you would like more information regarding these changes.

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Financial Education for Your Employees

Less than 40 percent of American workers feel like their savings are on track for retirement. In fact, 25 percent have no retirement savings at all, according to the Report on the Economic Well-Being of U.S. Households.

An Education Problem

Experts point to low financial literacy as a major factor affecting employees' retirement prospects. Notunderstanding investment strategies or buying into a savings plan can significantly postpone retirement, sometimes indefinitely.

Financial Wellness

According to the economic report mentioned earlier, the average worker correctly answers fewer than three out of five basic financial literacy questions. And since low financial literacy can be correlated with bleak retirement prospects, this figure should be alarming.

How Employers Can Help

Many employees rely on their employer-sponsored savings plans for their retirement planning. Moreover, these plans are typically the only viable savings option available to people with limited investment knowledge.

Understanding this, employers can offer more comprehensive financial education to employees who vest in sponsored savings plans. For instance, some employers actively promote plan participation and offer in-person financial counseling to participants.

However, you don't need a staff of financial advisors to raise employees' financial literacy. Providing quality education materials is a great first step to improving your employees' retirement outlooks. Speak with U.S. Employee Benefits Services Group consultant about our Financial Wellness Program.

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