Cost of living adjustments (COLA)

LOCKTON | PEOPLE SOLUTIONS

HEALTH & WELFARE

Annual benefit plan limits

Benefits & contributions	2027 limit	2026 limit
Flexible spending accounts (FSA)		
Employee health FSA pretax contribution (plan year limit)	$3,500	$3,400
Dependent care FSA household contribution (calendar year limit)	$7,500	$7,500
Health FSA carryover (plan year limit)	$700	$680
High deductible health plan (HDHP) / Health savings accounts (HSA)		
HDHP plan minimum deductible		
Single coverage	$1,750	$1,700
Family coverage	$3,500	$3,400
HDHP plan out-of-pocket max.		
Single coverage	$8,700	$8,500
Family coverage	$17,400	$17,000
Annual contribution maximum		
Single coverage	$4,500	$4,400
Family coverage	$9,000	$8,750
Catch-up contributions	$1,000	$1,000
ACA out-of-pocket max. for essential health benefits		
In-network (non-grandfathered plans only)	Self only: $12,000 Family: $24,000[1]	Self only: $10,600 Family: $21,200[1]
Qualified transportation fringe benefit exclusion		
Transit passes and vanpooling	$350/month	$340/month
Qualified parking	$350/month	$340/month
Adoption assistance program exclusion		
Maximum exclusion	TBD[2]	$17,670[2]

Benefits & contributions	2027 limit	2026 limit
Employer ACA pay or play limits		
Penalty for failure to offer minimum essential coverage to 95% of ACA FTEs	$3,780[3]	$3,340[3]
Penalty for coverage that is not affordable or minimum value	$5,670[3]	$5,010[3]
Affordability threshold	10.22%[4]	9.96%[4]
Federal poverty level safe harbor maximum monthly employee contribution	$135.93	$129.89
Health reimbursement arrangements (HRA)		
Qualified small employer HRA		
Single coverage	TBD	$6,450
Family coverage	TBD	$13,100
Excepted benefit HRA	$2,250	$2,200
Healthcare reform fees		

	Fees due in 2027	Fees due in 2026
Patient Centered Outcomes Research Institute (PCORI) fee	$3.84 for plan years ending Jan. 1, 2026 to Sept. 30, 2026. Projected $4.04 for plan years ending Oct. 1, 2026 to Dec. 31, 2026.	$3.47 for plan years ending Jan. 1, 2025 to Sept. 30, 2025. $3.84 for plan years ending Oct. 1, 2025 to Dec. 31, 2025.

1 Must embed the single OOP limit if plan is not grandfathered.
2 Amounts phase out at certain income levels.
3 These are the annualized amounts; however, the penalties are calculated on a monthly basis.
4 Employee cost for self-only coverage as a percentage of household income. Affordability safe harbor for employer mandate is instead employee cost for self-only coverage as a percentage of W2 pay, mainland poverty level, or hourly rate of pay.

Cost of living adjustments (COLA)

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RETIREMENT

Annual benefit plan

Benefits & contributions	2027 limit	2026 limit
Elective deferrals to 401(k), 403(b) and 457(b) plans	$25,500	$24,500
SIMPLE retirement account salary deferrals	TBD	$17,000
Catch-up contributions to:		
401(k), 403(b) and 457(b) plans[1]	$8,500	$8,000
- Individuals aged 60 through 63	$11,750[1]	$11,250[1]
SIMPLE retirement accounts	TBD	$4,000
- Individuals aged 50+ for certain SIMPLE plans	TBD	$3,850
- Individuals aged 60 through 63	TBD	$5,250
Max. defined contribution plan annual contribution	Projected $75,000	$72,000
Max. annual benefit from defined benefit pensions plans	Projected $300,000	$290,000
Max. annual compensation taken into account	Projected $375,000	$360,000
Lookback year compensation limit for highly compensated employees	Projected $170,000[2]	$160,000[3]
Deductible amount for individual making qualified retirement contributions to an IRA §219(b)(5)(A)	Projected $8,000	$7,500
Dollar limit for key employees for top-heavy purposes	Projected $245,000	$235,000
Social Security taxable wage base	$192,300	$184,500

Medicare cost sharing

View our Medicare Fact Sheet

Surprise Billing: Independent Dispute Resolution

	2025[4]	2026[4]
Administrative fee per party, per dispute	$115	$15[5]
Arbiter fee range per party: single dispute	$200-$840	$425-$800
Batched dispute with less than 26 lines	$525-$1,150	$625-$1,150
For each increment of 25 line items beginning with the 26th line item[6]	$75-250	$90-$250

1 Additional rules may apply to 457(b) plans.
2 For 2027 determinations based on 2026 compensation.
3 for 2028 determinations based on 2027 compensation.
4 Subject to changes through notice and comment rulemaking
5 Effective June 11, 2026 for disputes initiated on or after such date.
6 Batched disputes submitted with an open negotiation period start date on/after Nov. 1, 2026 are limited to 50 dispute line items.

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