



Summary of 2025 benefit-related cost-of-living adjustments

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Dec. 10, 2024; updated Jan. 24, 2025*

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The IRS, Pension Benefit Guaranty Corp. (PBGC), Social Security Administration (SSA), and Centers for Medicare & Medicaid Services (CMS) have issued 2025 cost-of-living adjustments (COLAs) for retirement, health and fringe benefit plans; Medicare; and Social Security and Supplemental Security income (SSI). This GRIST covers the key 2025 COLAs for benefit plans issued in the fall of 2024, as well as these recently published items for 2025: covered compensation figures, limits for retirement plans qualified in Puerto Rico (PR) and the play-or-pay monthly contribution limit for noncalendar-year health plans using an affordability safe harbor based on the federal poverty line (FPL) guidelines.

Retirement plan limits

Employer-sponsored retirement plans may be affected by annual changes to [US](#) and [PR](#) qualified plan limits; [covered compensation](#), which is used in safe-harbor plan designs and nondiscrimination testing; and [PBGC premiums, guaranteed benefits and maximum present value](#). Other retirement-related COLAs may affect employees who are eligible for the [saver's credit](#) or have individual retirement accounts (IRAs), including [traditional and Roth IRAs](#).

US qualified retirement plan limits

IRS [Notice 2024-80](#) provides 2025 limits for qualified retirement plans, including defined benefit (DB), defined contribution (DC) and simplified employee pension (SEP) plans, along with employee stock ownership plans (ESOPs) and savings incentive match plans for small employers (SIMPLE plans). Most of the limits have risen, reflecting the 2.62% increase in the third-quarter Consumer Price Index for All Urban Consumers (CPI-U) from 2023 to 2024. The notice also includes the limits for the new, higher

catch-up contribution limits applicable to participants ages 60–63 as implemented by the SECURE 2.0 Act of 2022 ([Div. T of Pub. L. No. 117-328](#)). These limits first take effect for 2025 tax years.

The following table shows the qualified retirement plan limits for 2023, 2024 and 2025 reflecting the rounding rules in the Internal Revenue Code (IRC), along with unrounded 2025 values — calculated by Mercer — to facilitate projections.

IRC retirement plan limit	2025 (not rounded)	2025	2024	2023
Treas. Reg. § 1.401(a)(9)-6 limit on premiums paid for a qualified longevity annuity contract	\$212,460	\$210,000	\$200,000	\$200,000
401(k), 403(b) and eligible 457 plan elective deferrals (and designated Roth contributions)	23,993	23,500	23,000	22,500
414(v)(2)(B)(i) catch-up contributions to plans other than SIMPLE plans (age ≥ 50)				
For employees ages 60-63	N/A	11,250	7,500	7,500
For all other employees age ≥ 50	7,998	7,500	7,500	7,500
408(p)(2)(E) SIMPLE plan elective deferrals	16,608	16,500	16,000	15,500
414(v)(2)(B)(ii) SIMPLE plan catch-up contributions (age ≥ 50)	3,999	3,500	3,500	3,500
For employees ages 60-63	N/A	5,250	3,500	3,500
For all other employees age ≥ 50	3,999	3,500	3,500	3,500
408(k)(2)(C) SEP plan minimum compensation	797	750	750	750
415(b) DB plan maximum annuity	283,408	280,000	275,000	265,000
415(c) DC plan maximum annual addition	70,852	70,000	69,000	66,000
401(a)(17) and 408(k)(3)(C) compensation	354,260	350,000	345,000	330,000
401(a)(17) compensation for eligible participants in certain governmental plans in effect July 1, 1993	523,340	520,000	505,000	490,000
414(q)(1)(B) highly compensated employee (HCE) and 414(q)(1)(C) top-paid group*	160,072	160,000	155,000	150,000
416(i)(1)(A)(i) officer compensation for top-heavy plan key employee definition	230,269	230,000	220,000	215,000
Treas. Reg. § 1.61-21(f)(5) control employee for fringe benefit valuations				
Officer compensation	142,565	140,000	135,000	130,000
Employee compensation	285,130	285,000	275,000	265,000

IRC retirement plan limit	2025 (not rounded)	2025	2024	2023
409(o)(1)(C) tax-credit ESOP limits for lengthening the distribution period				
Five-year maximum balance	\$1,417,040	\$1,415,000	\$1,380,000	\$1,330,000
One-year extension	283,408	280,000	275,000	265,000
432(e)(9)(H)(v) systemically important multiemployer plan (billions)	1.441 B	1.441 B	1.369 B	1.256 B
664(g)(7) qualified gratuitous transfer of employer securities to an ESOP	64,806	60,000	60,000	60,000
*The HCE limit shown for a year is applied to compensation for that plan year to determine if an employee is an HCE for the following plan year, e.g., an employee with 2025 plan year compensation greater than \$160,000 may be an HCE for the 2026 plan year.				

Puerto Rico qualified retirement plan limits

[Carta Circular de Rentas Internas 25-01](#) announced 2025 limits for PR-only plans and dual-qualified plans. The PR tax code aligns its annual limits for compensation, contributions and benefits with the US qualified plan limits. Pretax elective deferral limits for PR-only plans and catch-up contribution limits for both PR-only and dual-qualified plans are lower than the parallel US limits and aren't indexed for inflation after 2013 (2012 for catch-up contributions). Puerto Rican participants' elective deferrals (excluding catch-ups) to dual-qualified plans, when added to deductible IRA contributions, may not exceed the sum of the elective deferral limit for PR-only plans plus the contribution limit for PR IRAs. The table below shows the annual limits for PR-only and dual-qualified plans, but doesn't address Puerto Rican employees of the US government.

PR Code retirement plan limit	2025	2024	2023
1081.01(d)(7)(A)(i) elective deferral — PR-only plans	\$15,000*	\$15,000*	\$15,000*
1081.01(d)(7)(A)(ii) elective deferral — dual-qualified plans	23,500 [†]	23,000 [†]	22,500 [†]
1081.01(d)(7)(A)(iii) combined limit on elective deferrals (other than catch-up contributions) to dual-qualified plans and deductible IRA contributions	20,000*	20,000*	20,000*
1081.01(d)(7)(C)(i) catch-up contributions to both PR-only and dual-qualified plans	1,500*	1,500*	1,500*
1081.01(a)(12) annual compensation limit	350,000	345,000	330,000
1081.01(a)(11)(A)(i) DB maximum annuity	280,000	275,000	265,000
1081.01(a)(11)(B)(i) DC maximum annual addition	70,000 ^{\$}	69,000 ^{\$}	66,000 ^{\$}

PR Code retirement plan limit	2025	2024	2023
1081.01(d)(3)(E)(iii)(IV) HCE threshold [‡]	\$160,000	\$150,000	\$135,000

*Limit is set by statute and is not indexed for inflation.

[†]Participants aged 75 or older may be subject to a \$15,000 limit because their IRA limit is zero.

[§]The 1081.01(a)(15) cumulative cap on after-tax contributions is 10% of aggregate pay while participating.

[‡]The HCE limit shown for a year is applied to compensation for that plan year to determine if an employee is an HCE for the following plan year, e.g., an employee with 2025 plan year compensation greater than \$160,000 may be an HCE for the 2026 plan year.

Covered compensation

Qualified DB pension plans use covered compensation to determine “permitted disparity” under Section 401(l) design-based safe harbor rules and “imputed disparity” under Section 401(a)(4) general nondiscrimination testing rules. Covered compensation is the average Old Age, Survivors and Disability Insurance (OASDI) contribution and benefit base for the 35 years ending with the year the employee reaches Social Security retirement age. IRS rounds Social Security retirement ages up to the next higher integer for covered compensation purposes, even though the actual Social Security full retirement age increases in two-month increments. Qualified plans have the option to determine permitted or imputed disparity using either actual or rounded covered compensation.

[Revenue Ruling 2025-2](#) contains the 2025 covered compensation tables, which reflect the increase in the taxable wage base to \$176,100 for 2025 from \$168,600 for 2024. The next table shows covered compensation amounts for individuals who have already reached Social Security full retirement age. (At that age, covered compensation becomes fixed and is no longer affected by annual changes in the OASDI contribution and benefit base.)

Year born	Social Security full retirement		Covered compensation	
	Age	Year	Not rounded	Rounded
1920	65	1985	\$12,276	\$12,000
1921	65	1986	13,368	12,000
1922	65	1987	14,520	15,000
1923	65	1988	15,708	15,000
1924	65	1989	16,968	18,000
1925	65	1990	18,312	18,000
1926	65	1991	19,728	21,000
1927	65	1992	21,192	21,000
1928	65	1993	22,716	24,000
1929	65	1994	24,312	24,000

Year born	Social Security full retirement		Covered compensation	
	Age	Year	Not rounded	Rounded
1930	65	1995	\$25,920	\$27,000
1931	65	1996	27,576	27,000
1932	65	1997	29,304	30,000
1933	65	1998	31,128	30,000
1934	65	1999	33,060	33,000
1935	65	2000	35,100	36,000
1936	65	2001	37,212	36,000
1937	65	2002	39,444	39,000
1938	65 and 2 months	2004	43,992	45,000
1939	65 and 4 months	2005	46,344	45,000
1940	65 and 6 months	2006	48,816	48,000
1941	65 and 8 months	2007	51,348	51,000
1942	65 and 10 months	2008	53,952	54,000
1943	66	2009	56,628	57,000
1944	66	2010	59,268	60,000
1945	66	2011	61,884	63,000
1946	66	2012	64,560	66,000
1947	66	2013	67,308	66,000
1948	66	2014	69,996	69,000
1949	66	2015	72,636	72,000
1950	66	2016	75,180	75,000
1951	66	2017	77,880	78,000
1952	66	2018	80,532	81,000
1953	66	2019	83,244	84,000
1954	66	2020	86,052	87,000
1955	66 and 2 months	2022	91,884	93,000
1956	66 and 4 months	2023	95,172	96,000
1957	66 and 6 months	2024	98,616	99,000
1958	66 and 8 months	2025	102,180	102,000

This table shows the 2025 amounts for individuals below Social Security full retirement age, along with 2024 amounts.

Year born	Social Security full retirement		Covered compensation			
	Age	Year	Not rounded		Rounded	
			2025	2024	2025	2024
1959	66 and 10 months	2026	\$105,684	\$105,264	\$105,000	\$105,000
1960	67	2027	109,140	108,492	108,000	108,000
1961	67	2028	112,524	111,660	114,000	111,000
1962	67	2029	115,824	114,744	117,000	114,000
1963	67	2030	119,100	117,816	120,000	117,000
1964	67	2031	122,340	120,840	123,000	120,000
1965	67	2032	125,508	123,792	126,000	123,000
1966	67	2033	128,580	126,660	129,000	126,000
1967	67	2034	131,544	129,396	132,000	129,000
1968	67	2035	134,400	132,036	135,000	132,000
1969	67	2036	137,124	134,556	138,000	135,000
1970	67	2037	139,740	136,944	141,000	138,000
1971	67	2038	142,284	139,284	141,000	138,000
1972	67	2039	144,804	141,588	144,000	141,000
1973	67	2040	147,264	143,832	147,000	144,000
1974	67	2041	149,604	145,956	150,000	147,000
1975	67	2042	151,848	147,984	153,000	147,000
1976	67	2043	153,960	149,892	153,000	150,000
1977	67	2044	155,940	151,656	156,000	153,000
1978	67	2045	157,920	153,420	159,000	153,000
1979	67	2046	159,900	155,184	159,000	156,000
1980	67	2047	161,784	156,864	162,000	156,000
1981	67	2048	163,572	158,424	165,000	159,000
1982	67	2049	165,264	159,900	165,000	159,000
1983	67	2050	166,908	161,340	168,000	162,000
1984	67	2051	\$168,552	\$162,768	\$168,000	\$162,000

Year born	Social Security full retirement		Covered compensation			
	Age	Year	Not rounded		Rounded	
			2025	2024	2025	2024
1985	67	2052	169,944	163,944	171,000	165,000
1986	67	2053	171,312	165,096	171,000	165,000
1987	67	2054	172,548	166,116	174,000	165,000
1988	67	2055	173,640	167,004	174,000	168,000
1989	67	2056	174,600	167,736	174,000	168,000
1990	67	2057	175,428	168,360	176,100	168,600
1991	67	2058	175,884	168,600	176,100	168,600
1992+	57	2059+	176,100		176,100	

PBGC premiums, guaranteed benefits and maximum present value

On Oct. 11, 2024, PBGC [announced](#) inflation-adjusted 2025 premium rates and the variable-rate premium cap. With the exception of the variable rate premium, all premium amounts — including the per-participant variable-rate premium cap — are indexed annually for wage inflation.

On Oct. 18, 2024, PBGC [announced](#) that the maximum guaranteed benefit at age 65 for terminating plans will rise to \$89,181 in 2025 from \$85,295 in 2024. This amount is determined using the Social Security “old law” contribution and benefit base (see [Social Security and SSI amounts](#)). The maximum guaranteed benefit is adjusted if benefit payments start before (or after) age 65 or are paid in a form other than a single-life annuity. Some of the guaranteed amount may be paid from the plan’s assets, and participants may receive more if the plan is better funded or if PBGC can recover other amounts from the plan sponsor.

PBGC amount	2025	2024	2023
Flat-rate premium — single-employer plans	\$106	\$101	\$96
Flat-rate premium — multiemployer plans	39	37	35
Variable-rate premium per \$1,000 of unfunded vested benefits*	52	52	52
Per-participant variable-rate premium cap	717	686	652
Annual maximum guaranteed benefit (payable as a single-life annuity starting at age 65)	89,181	85,295	81,000

*Not indexed after 2023

On Nov. 4, 2024, PBGC [published](#) the 2025 present value of the maximum guarantee table. These values are used to administer Internal Revenue Code (IRC) [Section 436](#) restrictions on lump sums and

other accelerated payments from underfunded plans. Plans at least 60% but less than 80% funded may only pay lump sums (or other accelerated distributions) up to the lesser of (i) 50% of the present value of the benefit otherwise payable or (ii) the present value of the participant's PBGC maximum guarantee. Plans subject to the restrictions must use the 2025 table for annuity starting dates in 2025, regardless of the plan year.

The present values will increase significantly from 2024 levels due to the increase in the age-65 maximum guaranteed benefit and the decrease in interest rates (August 2024 IRC Section 417(e) lump sum segment rates of 4.50%, 4.96%, and 5.40% vs. the August 2023 rates of 5.45%, 5.52%, and 5.43%) — and to a lesser extent from the update in the [Section 417\(e\)](#) mortality table.

The next table shows the present values for 2025 and the two prior years. [Tables](#) of present values for every year back to 2008 are available on the PBGC website, along with downloadable Excel tables.

Age	Present value of PBGC maximum guarantee			Age	Present value of PBGC maximum guarantee		
	2025*	2024†	2023§		2025*	2024†	2023§
25	\$164,956	\$152,250	\$165,072	56	\$674,819	\$612,090	\$677,502
26	172,721	159,404	172,703	57	713,005	646,646	710,900
27	180,415	166,493	180,244	58	753,304	683,442	746,152
28	188,031	173,511	187,691	59	795,895	722,670	783,405
29	195,566	180,450	195,038	60	840,960	764,535	822,825
30	203,015	187,308	202,279	61	890,119	809,490	866,940
31	210,371	194,079	210,563	62	941,946	863,348	913,219
32	217,629	200,756	220,494	63	1,003,605	920,643	961,863
33	224,780	207,335	230,897	64	1,062,318	974,380	1,016,066
34	231,825	213,810	241,796	65	1,116,784	1,024,251	1,067,191
35	238,749	220,173	253,214	66	1,199,709	1,100,252	1,145,430
36	253,470	233,720	265,176	67	1,287,277	1,180,552	1,228,031
37	267,977	247,068	277,708	68	1,388,641	1,273,577	1,323,796
38	282,258	260,199	290,838	69	1,501,836	1,377,555	1,430,856
39	296,294	273,100	304,594	70	1,624,838	1,490,660	1,547,320
40	310,069	285,756	319,006	71	1,837,211	1,685,942	1,748,897
41	323,563	298,148	334,108	72	2,031,689	1,865,050	1,933,403
42	\$336,755	\$310,253	\$349,934	73	\$2,207,850	\$2,027,623	\$2,100,536
43	349,626	322,055	366,518	74	2,365,388	2,173,411	2,250,042

Age	Present value of PBGC maximum guarantee			Age	Present value of PBGC maximum guarantee		
	2025*	2024†	2023§		2025*	2024†	2023§
44	362,150	333,533	383,902	75	2,504,203	2,302,301	2,381,794
45	374,305	344,663	402,126	76	2,940,835	2,705,503	2,796,801
46	400,909	369,096	421,648	77	3,332,864	3,068,366	3,169,228
47	426,839	392,894	442,098	78	3,680,458	3,391,022	3,499,194
48	452,042	416,012	463,524	79	3,984,215	3,673,905	3,787,100
49	476,474	438,408	485,980	80	4,245,063	3,917,795	4,033,671
50	500,082	460,031	509,522	81	5,316,372	4,910,951	5,047,823
51	522,813	480,840	534,212	82	6,260,508	5,788,482	5,939,083
52	544,625	500,790	560,111	83	7,082,278	6,554,514	6,712,384
53	571,690	520,396	587,298	84	7,783,635	7,210,590	7,370,266
54	604,345	549,157	615,854	85	8,371,800	7,763,169	7,920,664
55	638,666	579,663	645,873				

* Present value determined using August 2024 lump sum segment rates of 4.50%, 4.96% and 5.40%.

† Present value determined using August 2023 lump sum segment rates of 5.45%, 5.52% and 5.43%.

‡ Present value determined using August 2022 lump sum segment rates of 3.79%, 4.62%% and 4.69%.

Saver's credit

[Notice 2024-80](#) provides adjusted gross income (AGI) levels at which a “saver’s credit” is available for employee contributions to a qualified retirement plan or IRA. All AGI levels at which employee contributions to a qualified retirement plan or an IRA qualify for the saver’s credit increased due to the 2.8% increase in the average chained CPI for the 12 months ending Aug. 31, 2024.

Saver's credit AGI limits (IRC § 25B)	2025	2024	2023
50% saver's credit if AGI is no more than specified amount			
Married filing jointly	\$47,500	\$46,000	\$43,500
Head of household	36,625	34,500	32,625
Other filing status	23,750	23,000	21,750
20% saver's credit if AGI exceeds limit for 50% credit but is no more than specified amount			
Married filing jointly	\$51,000	\$50,000	\$47,000
Head of household	38,250	37,500	35,625
Other filing status	25,500	25,000	23,750

Saver's credit AGI limits (IRC § 25B)	2025	2024	2023
10% saver's credit if AGI exceeds limit for 20% credit but is no more than specified amount			
Married filing jointly	79,000	76,500	73,000
Head of household	59,250	57,375	54,750
Other filing status	39,500	38,250	36,500

Traditional and Roth IRA limits

Almost indexed traditional and Roth IRA limits will increase for 2025, due to the 2.8% increase in the chained CPI for the 12 months ending Aug. 31, 2024. Only the IRA maximum deductible amount will remain the same. The catch-up contribution limit isn't annually adjusted. The AGI thresholds for spouses filing separately are set to \$0. The next table summarizes the 2025 IRA limits announced by IRS, along with the limits for the previous two years.

Traditional and Roth IRA limits	2025	2024	2023
Traditional IRA deduction limits (IRC §§ 219(b)(5) and 219(g)(3)(B))			
IRA maximum deductible amount	\$7,000	\$7,000	\$6,500
IRA catch-up contribution limit (age ≥ 50)*	1,000	1,000	1,000
Modified AGI threshold for determining deductible IRA contributions for active participants in qualified plans			
Married filing jointly or qualifying widow(er)	126,000	123,000	116,000
Married filing separately*	0	0	0
Single or head of household	79,000	77,000	73,000
Spouse (but not taxpayer making IRA contribution) is active participant	236,000	230,000	218,000
Roth IRA contribution limits (IRC § 408A(c)(3)(B)(ii))			
AGI for determining maximum Roth IRA contribution			
Married filing jointly or qualifying widow(er)	\$236,000	\$230,000	\$218,000
Married filing separately*	0	0	0
Other filing status	150,000	146,000	138,000

*Limit is not adjusted for cost-of-living changes.

Health and fringe benefit limits

Every fall, IRS updates the annual Code limits for certain health and fringe benefits, including health flexible spending arrangements (FSAs), qualified small-employer health reimbursement arrangements (QSEHRAs), qualified long-term care (LTC) policies and [qualified transportation fringe benefits and adoption assistance programs](#). COLAs for [health savings accounts \(HSAs\)](#), [high-deductible health plans \(HDHPs\)](#) and [excepted-benefit HRAs](#) are announced earlier in the year. Annually adjusted limits also apply to certain Affordable Care Act (ACA) cost-sharing features of [nongrandfathered group health plans](#), [employer shared-responsibility \(play-or-pay\) assessments](#) and individual eligibility for [premium tax credits](#) (PTCs).

Health FSA, excepted-benefit HRA, QSEHRA and LTC limits

IRS [Rev. Proc. 2024-40](#) gives the 2025 contribution and benefit limits for health FSAs, QSEHRAs and qualified LTC policies. All of these limits have increased from 2024 as a result of the 2.8% increase in the average chained CPI-U for the 12 months ending Aug. 31, 2024. The qualified LTC premium and per diem limits have also increased from 2024, reflecting the 2.2% increase in the medical care component of average chained CPI-U.

IRS [Rev. Proc. 2024-25](#) gives the 2025 maximum employer contribution for excepted-benefit HRAs. That limit reflects the 3.2% increase in the average chained CPI-U for the 12 months ending March 31, 2024.

This table shows the 2025 adjusted amounts for health FSAs, excepted-benefit HRAs, QSEHRAs and qualified LTC policies, along with the limits for 2024 and 2023, reflecting the Code's rounding rules. The health FSA carryover limits shown reflect the maximum unused funds that can carry over to the next plan year.

Health FSA, excepted-benefit HRA, QSEHRA and LTC limits	2025	2024	2023
Health FSA limit (IRC § 125(i))			
Maximum salary reduction contribution	\$3,300	\$3,200	\$3,050
Maximum carryover	660	640	610
Excepted-benefit HRA limit (26 CFR § 54.9831-1(c)(3)(viii)(B)(1))			
Maximum employer contribution	\$2,150	\$2,100	\$1,950
QSEHRA limit (IRC § 9831(d))			
Maximum annual benefit			
Self-only coverage	6,350	6,150	5,850
Family coverage	12,800	12,450	11,800
Qualified LTC policy limits (IRC § 213(d)(10) and 7702B(d)(4))			
Premium limits at age:			

Health FSA, excepted-benefit HRA, QSEHRA and LTC limits	2025	2024	2023
40 or younger	480	470	480
41–50	900	880	890
51–60	1,800	1,760	1,790
61–70	4,810	4,710	4,770
Older than 70	6,020	5,880	5,960
Per diem limit	420	410	420

Qualified transportation fringe benefits and adoption assistance programs

The next table shows the 2025 adjusted figures for qualified transportation fringe benefits and adoption assistance programs set by [Rev. Proc. 2024-40](#), along with 2024 and 2023 amounts. The limits reflect the 2.8% increase in the average chained CPI for the 12 months ending Aug. 31, 2024. After applying the Code's rounding rules, all limits have increased since 2024.

Qualified transportation and adoption assistance limits	2025	2024	2023
Tax-free qualified transportation fringe benefits (IRC § 132(f))			
Monthly qualified parking, transit passes or commuter highway vehicle benefit	\$325	\$315	\$300
Qualified adoption assistance programs (IRC § 137)			
Exclusion for child with special needs (regardless of expenses incurred)	17,280	16,810	15,950
Aggregate dollar limit for all tax years (child without special needs)	17,280	16,810	15,950
Phaseout begins at modified AGI of	259,190	252,150	239,230
Phaseout completed at modified AGI of	299,190	292,150	279,230

HSA and HDHP limits

IRS [Rev. Proc. 2024-25](#) gives the 2025 inflation-adjusted amounts for HSA contributions, HDHP deductibles and HDHP in-network out-of-pocket (OOP) maximums. The limits reflect the 3.2% increase in the average chained CPI-U for the 12 months ending March 31, 2024. The 2025 tax-deductible/tax-free HSA contribution limits, HDHP in-network OOP maximums and HDHP minimum annual deductibles have increased for both self-only and family coverage. The HSA catch-up contribution limit is set by statute and hasn't changed since 2009. The 2025 HDHP OOP maximums are lower than the corresponding [ACA limits for nongrandfathered group health plans](#). The following table shows the IRS limits for 2025 and the previous two years.

HSA and HDHP limits (IRC § 223)	2025	2024	2023
Self-only coverage			
Maximum tax-deductible/tax-free HSA contribution	\$4,300	\$4,150	\$3,850
HDHP minimum annual deductible	1,650	1,600	1,500
HDHP OOP maximum	8,300	8,050	7,500
Family coverage			
Maximum tax-deductible/tax-free HSA contribution	8,550	8,300	7,750
HDHP minimum annual deductible	3,300	3,200	3,000
HDHP OOP maximum	16,600	16,100	15,000
HSA catch-up contribution limit (age ≥ 55)*	1,000	1,000	1,000

*Limit is set by statute and is not indexed.

ACA nongrandfathered group health plan OOP maximum

The ACA limits annual OOP costs for essential health benefits under nongrandfathered group health plans (unless they provide only excepted benefits, such as limited-scope dental or vision coverage). Unlike the CPI-based adjustments to HDHP OOP maximums, annual adjustments to the ACA OOP limits reflect increases in the US average per-person employer-sponsored health insurance premium since 2013.

Nongrandfathered group health plans — including large-group and self-funded ones — with an annual OOP limit for family coverage exceeding the permitted self-only OOP limit must “embed” individual OOP limits at or below the ACA limit for self-only coverage.

CMS [published](#) the 2025 OOP limits on essential health benefits in November 2023. The OOP maximums apply on a plan-year basis, so the 2025 limits apply on the first day of the plan year starting in 2025. The 2025 limits decreased by 2.6% from the 2024 amounts. This is the first time the OOP maximum decreased year-over-year.

(In October 2024, CMS [published](#) the 2026 OOP limits of \$10,150 for self-only and \$20,300 for family coverage, representing a 10.3% increase from the 2025 OOP limits.) The table below shows the limits for 2023–2025.

ACA nongrandfathered group health plan OOP maximums	2025	2024	2023
Self-only coverage (and embedded individual maximum in family coverage)	\$9,200	\$9,450	\$9,100
Family coverage	18,400	18,900	18,200

ACA employer shared-responsibility (play-or-pay) assessments

Under the ACA’s employer play-or-pay requirement, employers can face one of two IRS assessments. One potential assessment under Section 4980H(a) applies to employers that don’t offer coverage to nearly all (95%) ACA full-time employees and their dependents. The other assessment under Section 4980H(b) applies to employers sponsoring coverage that either (i) isn’t offered to some ACA full-time employees or (ii) is offered but doesn’t meet ACA’s affordability or minimum-value standards. While the 4980H(a) assessment is calculated using an employer’s total number of ACA full-time employees, the 4980H(b) assessment applies per ACA full-time employee who receives subsidized coverage from a public exchange. IRS [Rev. Proc. 2024-14](#) gives the 2025 adjusted dollar amounts used to calculate employer play-or-pay assessments. This is the first time the play-or-pay assessment amounts decrease year-over-year.

The next table shows the employer play-or-pay assessments for 2023–2025. Although the amounts shown are annual, the assessments are incurred and calculated monthly. (In October 2024, CMS [published](#) the 2026 premium adjustment percentage, allowing Mercer to project that the 2026 employer play-or-pay assessments will increase significantly to \$3,200/\$4,800.)

ACA employer play-or-pay assessments (IRC § 4980H)	2025	2024	2023
Not offering coverage (4980H(a))	\$2,900	\$2,970	\$2,880
Offering coverage lacking minimum value or affordability (4980H(b))	4,350	4,460	4,320

ACA PTC eligibility and play-or-pay affordability percentages

Employers that don’t offer affordable, minimum-value health coverage to ACA full-time employees and their children risk play-or-pay assessments if any employee receives a PTC or cost-sharing subsidy for public exchange health coverage. Affordability depends on how much an employee must pay as a percentage of household income for self-only coverage under the lowest-cost employer option with minimum value. Initially set at 9.5% of household income for 2014, this limit is annually indexed to reflect premium growth relative to incomes over the past year.

IRS [Rev. Proc. 2024-35](#) announced that the 2025 affordability limit is 9.02%, a significant increase from 8.39% in 2024. The table below shows the 2023–2025 limits, which determine an employee’s PTC eligibility. The same limit applies to employees’ spouses and dependents.¹

¹IRS final rules issued in October 2022 fix the so-called “family glitch” that based an employee’s family members’ PTC eligibility on the affordability of employee-only coverage. Starting in 2023, spouses and dependents of employees who are offered affordable self-only coverage but unaffordable family coverage can potentially qualify for PTCs (see [IRS Reg. § 1.36B-2\(c\)\(3\)\(v\)\(A\)\(2\)](#)). This change does not affect liability under the employer play-or-pay mandate or, according to IRS, employer reporting on Forms 1094/1095.

ACA premium tax credit eligibility and play-or-pay affordability percentages for employer coverage	2025	2024	2023
Top % of income for lowest-cost self-only coverage with minimum value	9.02%	8.39%	9.12%

While failure to offer affordable coverage creates the risk of play-or-pay assessments, most employers don't know their employees' household incomes. As a result, a safe harbor definition of affordability for employer play-or-pay assessment purposes limits the employee cost for self-only, minimum-value coverage from an employer to 9.5% (in 2014) of one of three monthly amounts: W-2 wages, rate of pay or the federal poverty line (FPL) for a single individual in the mainland US (the 48 contiguous states and Washington, DC). This percentage is indexed using the same ACA formula as the household income percentage ([Notice 2015-87](#), [Q&A-12](#)).

For employers using the FPL safe harbor to determine play-or-pay affordability, the next table shows the maximum required employee contribution that satisfies the safe harbor in the 48 contiguous states and Washington, DC. Note that the adjusted affordability percentages in the table above, and thus the dollar amounts in the table below, apply on a plan-year, not calendar-year, basis. This means noncalendar-year plans beginning in 2024 continue to use the 2024 level of \$105.29/month to determine FPL affordability until their 2025 plan year starts.

ACA affordable monthly employee contribution limit for play-or-pay FPL safe harbor (48 contiguous states and Washington, DC)	2025	2024	2023
Calendar-year plans	\$113.20	\$101.94	\$103.28
Noncalendar-year plans	117.64*	105.29	110.81
* Noncalendar-year plans may use the FPL in effect within six months before the first day of the plan year. HHS issued the 2025 FPL guidelines on Jan. 15, 2025. Noncalendar-year plans starting in 2025 benefit from using the higher 2025 FPL amounts.			

Medicare premiums, coinsurance, deductibles and Rx subsidy

In November, CMS [released](#) the 2025 beneficiary premiums, deductibles and other cost-sharing amounts for Medicare Parts A and B. All of the [Part A](#) and [Part B](#) amounts have increased from 2024. The 2025 [Part D](#) standard monthly premium, income-based premium adjustments and cost sharing were announced earlier in the year. These amounts have also all increased from 2024.

Part A — Hospital insurance

Medicare Part A beneficiaries are subject to a deductible for inpatient hospital stays. If hospitalized more than 60 days, beneficiaries also must pay daily coinsurance, which varies by the length of the stay. Beneficiaries who receive services in a skilled nursing facility are subject to separate daily coinsurance.

Although most individuals qualify for premium-free Part A coverage, those who don't have 40 quarters of Medicare [covered employment](#) must pay monthly premiums. The Part A premium depends on how many covered quarters a beneficiary has and whether Medicare enrollment is due to age (such as seniors aged 65 and older) or disability. The next table shows the Part A deductibles, coinsurance amounts and premiums for 2023–2025. (For more details on how these amounts are calculated, see the CMS notices on the [Part A premium](#) and [Part A deductible and coinsurance](#).)

Part A — Hospital insurance	2025	2024	2023
Hospital inpatient deductible	\$1,676.00	\$1,632.00	\$1,600.00
Hospital daily coinsurance			
Days 61–90	419.00	408.00	400.00
Lifetime reserve days	838.00	816.00	800.00
Skilled nursing facility daily coinsurance	209.50	204.00	200.00
Monthly premium for voluntary enrollees			
Seniors and certain people with disabilities under age 65 with fewer than 30 quarters of coverage	518.00	505.00	506.00
Seniors and certain people with disabilities under age 65 with at least 30 quarters of coverage	285.00	278.00	278.00

Part B — Medical insurance

Medicare beneficiaries with Part B coverage pay monthly premiums and an annual deductible. People in higher-income brackets pay higher premiums on a graduated scale that increases with annual income. An annually updated CMS notice on [Part B premiums and deductibles](#) gives details on how these amounts are calculated.

This table shows the Part B annual deductible and standard monthly premium for 2023–2025.

Part B — Medical insurance	2025	2024	2023
Annual deductible	\$257.00	\$240.00	\$226.00
Standard monthly premium	185.00	174.70	164.90

The next table lists the Part B monthly premiums for 2023–2025, including the income-adjusted premiums for higher-income beneficiaries. The AGI thresholds for most Part B income-related monthly

adjustment amounts started increasing with inflation in 2021 (the top bracket will be adjusted for inflation starting in 2028).

Part B — Medical insurance monthly premiums					
2025		2024		2023	
Annual income	Monthly premium	Annual income	Monthly premium	Annual income	Monthly premium
Single					
\$0 – \$106,000*	\$185.00	\$0 – \$103,000*	\$174.70	\$0 – \$97,000*	\$164.90
106,001 – 133,000	259.00	103,001 – 129,000	244.00	97,001 – 123,000*	230.80
133,001 – 167,000	370.00	129,001 – 161,000	349.40	123,001 – 153,000	329.70
167,001 – 200,000	480.90	161,001 – 193,000	454.20	153,001 – 183,000	428.60
200,001 – 499,999	591.90	193,001 – 499,999	559.00	183,001 – 499,999	527.50
500,000 or more	628.90	500,000 or more	594.00	500,000 or more	560.50
Married filing jointly					
0 – 212,000*	185.00	0 – 206,000*	174.70	0 – 194,000*	164.90
212,001 – 266,000	259.00	206,001 – 258,000	244.60	194,001 – 246,000	230.80
266,001 – 334,000	370.00	258,001 – 322,000	349.40	246,001 – 306,000	329.70
334,001 – 400,000	480.90	322,001 – 386,000	454.20	306,001 – 366,000	428.60
400,001 – 749,999	591.90	386,001 – 749,999	559.00	366,001 – 749,999	527.50
750,000 or more	628.90	750,000 or more	594.00	750,000 or more	560.50
Married filing separately					
0 – 106,000*	185.00	0 – 103,000*	174.70	0 – 97,000*	164.90
106,001 – 393,999	591.90	103,001 – 396,999	559.00	97,001 – 402,999	527.50
394,000 or more	628.90	397,000 or more	594.00	403,000 or more	560.50

*Income bracket for most beneficiaries

Part D — Outpatient prescription drug coverage

Medicare Part D's outpatient prescription drug coverage requires enrollees to pay premiums, deductibles and copayments, which are indexed each year to reflect changes in Medicare beneficiaries' average total drug expenses. Annual indexing also applies to the retiree drug subsidy (RDS), which reimburses a portion of retiree drug plan sponsors' expenses for individuals who are eligible for but not enrolled in a Part D plan. Rather than continue in the RDS program, many employers have turned to employer group waiver plans (EGWPs) for greater cost savings due to ACA provisions.

The Inflation Reduction Act of 2022 made significant changes to Medicare Part D benefits. Starting in 2025, the law eliminates the standard Part D benefit initial coverage limit (aka the “donut hole”) and reduces the OOP threshold from \$8,000 to \$2,000. The law also eliminated the standard Part D benefit cost sharing for catastrophic coverage starting in 2024, so after individuals reach the OOP maximum, they pay nothing for the prescription drugs for the remainder of the year.

The next table summarizes 2023–2025 Part D standard [benefits](#), [RDS benefits](#) and the [monthly Part D base premium](#).

Part D benefits and RDS amounts	2025	2024	2023
Standard Part D benefit			
Deductible	\$590.00	\$545.00	\$505.00
Initial coverage limit	N/A	5,030.00	4,660.00
OOP threshold	2,000.00	8,000.00	7,400.00
Total covered Part D drug OOP threshold: OOP threshold + 75% (initial coverage limit – deductible)	N/A	11,477.39	10,516.25
Minimum cost sharing for catastrophic coverage			
Generic/preferred	N/A	N/A	4.15
Other	N/A	N/A	10.35
Retiree drug subsidy (RDS)			
Cost threshold (Part D deductible)	590.00	545.00	505.00
Cost limit	12,150.00	11,200.00	10,350.00
Maximum subsidy per retiree: 28% × (cost limit – cost threshold)	3,268.80	2,983.40	2,756.60
Monthly Part D premium			
Base beneficiary premium (national average Part D premium)	36.78	34.70	32.74

As required by the ACA, the Part D program charges higher premiums to higher-income enrollees. The usual monthly premium is paid to the plan; the added amount (or “adjustment”) for higher-income beneficiaries is deducted from an enrollee’s Social Security benefits and paid to Medicare. The next table summarizes 2023–2025 monthly Part D [premium adjustments](#) for different annual income tiers. The AGI thresholds for most Part D income-related monthly adjustments started increasing with inflation in 2020 (the top bracket will be adjusted for inflation starting in 2028).

Part D income-related monthly adjustment amounts					
2025		2024		2023	
Annual income	Monthly adjustment amount	Annual income	Monthly adjustment amount	Annual income	Monthly adjustment amount
Single					
\$0 – \$106,000*	\$0.00	\$0 – \$103,000*	\$0.00	\$0 – \$97,000*	\$0.00
106,001 – 133,000	13.70	103,001 – 129,000	12.90	97,001 – 123,000	12.20
133,001 – 167,000	35.30	129,001 – 161,000	33.30	123,001 – 153,000	31.50
167,001 – 200,000	57.00	161,001 – 193,000	53.80	153,001 – 183,000	50.70
200,001 – 499,999	78.60	193,001 – 499,999	74.20	183,001 – 499,999	70.00
500,000 or more	85.80	500,000 or more	81.00	500,000 or more	76.40
Married filing jointly					
0 – 212,000*	0.00	0 – 206,000*	0.00	0 – 194,000*	0.00
212,001 – 266,000	13.70	206,001 – 258,000	12.90	194,001 – 246,000	12.20
266,001 – 334,000	35.30	258,001 – 322,000	33.30	246,001 – 306,000	31.50
334,001 – 400,000	57.00	322,001 – 386,000	53.80	306,001 – 366,000	50.70
400,001 – 749,999	78.60	386,001 – 749,999	74.20	366,001 – 749,999	70.00
750,000 or more	85.80	750,000 or more	81.00	750,000 or more	76.40
Married filing separately					
0 – 106,000*	0.00	0 – 103,000*	0.00	0 – 97,000*	0.00
106,001 – 393,999	78.60	103,001 – 396,999	74.20	97,001 – 402,999	70.00
394,000 or more	85.80	397,000 or more	81.00	403,000 or more	76.40

* Income bracket for most beneficiaries

Social Security and SSI amounts

On Oct. 10, 2024, SSA [announced](#) a 2.5% cost-of-living increase for 2025 benefits, reflecting the change in the third-quarter CPI for Urban Wage Earners and Clerical Workers (CPI-W) from 2023 to 2024. Other 2025 Social Security amounts are tied to the 4.43% increase in [average annual wages](#) from 2022 to 2023. The next table shows key Social Security values for 2023–2025 from SSA's 2024 [fact sheet](#) and [automatic determinations](#) webpage.

Social Security and SSI values	2025	2024	2023
Cost-of-living increase	2.5%	3.2%	8.7%
Average annual wage (second preceding year)	\$66,621.80	\$63,795.13	\$60,575.07
OASDI contribution and benefit base (wage base)	176,100	168,600	160,200
“Old law” contribution and benefit base	130,800	125,100	118,000
Retirement earnings test exempt amount (annual)			
Under full retirement age (full year)	23,400	22,320	21,240
Year individual reaches full retirement age (period before attaining full retirement age)	62,160	59,520	56,520
Wages needed for a quarter of coverage	1,810	1,730	1,640
Disability thresholds (monthly amounts)			
Substantial gainful activity — not blind	1,620	1,550	1,470
Substantial gainful activity — blind	2,700	2,590	2,460
Trial work period	1,160	1,110	1,050
Coverage thresholds for			
Domestic employees	2,800	2,700	2,600
Election workers	2,400	2,300	2,200
Bend points — primary insurance amount (PIA) formula applied to average indexed monthly earnings (AIME)			
90% of AIME up to 32% of AIME over first bend point	\$1,226	\$1,174	\$1,115
32% of AIME over first bend point up to 15% of AIME over second bend point	7,391	7,078	6,721
Bend points — maximum family benefit formula applied to worker’s PIA			
150% of PIA up to 272% of PIA over first bend point	1,567	1,500	1,425
272% of PIA over first bend point up to 134% of PIA over second bend point	2,262	2,166	2,056
134% of PIA over second bend point up to 175% of PIA over third bend point	2,950	2,825	2,682
SSI federal payment standard (monthly amounts)			
Individual	967	943	914
Couple	1,450	1,415	1,371

Social Security and SSI values	2025	2024	2023
SSI student exclusion limits			
Monthly limit	2,350	2,290	2,220
Annual limit	9,460	9,230	8,950

Related resources

Non-Mercer resources

- [Poverty guidelines](#) (HHS)
- [Covered employment for Social Security credits](#) (SSA)
- [National average wage index](#) (SSA)
- [Social Security amounts determined by automatic adjustment](#) (SSA)
- [Chained Consumer Price Index for All Urban Consumers](#) (Bureau of Labor Statistics)
- [CC RI 25-01](#) (Puerto Rico Treasury, Jan. 23, 2025)
- [Annual update of the HHS poverty guidelines](#) (Federal Register, Jan. 17, 2025)
- [Rev. Rul. 2025-2](#) (IRS, Dec. 20, 2024)
- [Medicare Part A premiums for 2025](#) (Federal Register, Nov. 14, 2024)
- [Medicare Part A inpatient hospital deductible and hospital and extended care services coinsurance amounts for 2025](#) (Federal Register, Nov. 14, 2024)
- [Medicare Part B monthly actuarial rates, premium rates and annual deductible for 2025](#) (Federal Register, Nov. 14, 2024)
- [2025 Medicare Parts A & B premiums and deductibles](#) (CMS, Nov. 8, 2024)
- [Present value of PBGC maximum guarantee and spreadsheet](#) (PBGC, Nov. 4, 2024)
- [Notice 2024-80](#), 2025 contribution and benefit limits for qualified retirement plans (IRS, Nov. 1, 2024)
- [Rev. Proc. 2024-40](#), 2025 limits for health FSAs; QSEHRAs; and qualified LTC policies, transportation fringe benefits and adoption assistance programs (IRS, Oct. 22, 2024)
- [IRS provides tax inflation adjustments for tax year 2025](#) (IRS, Oct. 22, 2024)
- [Maximum monthly guaranteed benefit tables for single-employer plans in 2025 and earlier years](#) (PBGC, Oct. 18, 2024)

- [Premium rates for 2025 and earlier years](#) (PBGC, Oct. 11, 2024)
- [Fact sheet, 2025 Social Security changes](#) (SSA, Oct. 10, 2024)
- [Premium adjustment percentage, maximum annual limitation on cost sharing, reduced maximum annual limitation on cost sharing, and required contribution percentage for the 2026 benefit year](#) (CMS, Oct. 8, 2024)
- [Rev. Proc. 2024-35, 2025 employer shared-responsibility affordability percentage](#) (IRS, Sept. 6, 2024)
- [Annual release of Part D national average bid amount and other Part C & D bid information](#) (CMS, July 29, 2024)
- [Rev. Proc. 2024-25, 2025 inflation-adjusted HSA, HDHP and employer contribution limit for excepted-benefit HRA amounts](#) (IRS, May 9, 2024)
- [RDS cost threshold and cost limit by plan year](#) (CMS, April 17, 2024)
- [Announcement of calendar-year 2025 Medicare Advantage capitation rates and Part C and Part D payment policies](#) (CMS, April 1, 2024)
- [Rev. Proc. 2024-14, 2025 employer shared-responsibility indexed assessments](#) (IRS, Feb. 12, 2024)
- [Premium adjustment percentage, maximum annual limitation on cost sharing, reduced maximum annual limitation on cost sharing, and required contribution percentage for the 2025 benefit year](#) (CMS, Nov. 15, 2023)
- [Final rule, Affordability of employer coverage for family members of employees](#) (Federal Register, Oct. 13, 2022)
- [Notice 2015-87](#) (IRS, Dec. 16, 2015)

Mercer Law & Policy resources

- [2025 federal poverty levels can impact ESR affordability](#) (Jan. 21, 2025)
- [2025 quick benefit facts](#) (Jan. 16, 2025)
- [2025 retirement plan limits now set](#) (Nov. 7, 2024)
- [2025 Social Security, PBGC, projected covered compensation figures](#) (Nov. 5, 2024)
- [2025 health FSA, other health and fringe benefit limits now set](#) (Oct. 24, 2024)
- [2025 affordability percentage for employer health coverage increases](#) (Sept. 9, 2024)
- [2025 HSA, HDHP and excepted-benefit HRA figures set](#) (May 10, 2024)

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