

DUE DATE FOR PCORI FEES



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DEADLINE IS JUST AROUND THE CORNER

By July 31, 2018 issuers and plan sponsors will be required to pay the PCORI fees for plan years ending in 2017 on IRS Form 720, www.irs.gov/pub/irs-pdf/f720.pdf

Please contact your Timberland Group representative for additional information

IRS ANNOUNCES SECOND CHANGE TO HSA FAMILY CONTRIBUTION LIMIT

Earlier this year, a tax law change for 2018 reduced the health savings account (HSA) contribution limit for individuals with family high deductible health plan (HDHP) coverage from \$6,900 to \$6,850. On April 26, 2018, the IRS announced that, for 2018, taxpayers with family HDHP coverage may treat \$6,900 as the annual contribution limit to their HSAs.

Why was the limit changed again?

After the IRS reduced the HSA limit for individuals with family HDHP coverage, it received feedback from various stakeholders, including employers, that the change would be disruptive and costly to implement. For example, some individuals with family HDHP coverage made the full \$6,900 HSA contribution before the limit was reduced, and many other individuals made annual salary reduction elections for HAS contributions through their employers' cafeteria plans based on the \$6,900 limit.

In response to these concerns and others, the IRS issued [Revenue Procedure 2018-27](#), which allows taxpayers with family HDHP coverage to use the original \$6,900 HSA contribution limit for 2018.

What are the next steps?

Employers with HDHPs may want to inform their employees about the HSA contribution limit change for family HDHP coverage. Employees who changed their HSA elections to comply with the reduced limit may wish to change their elections again for the \$6,900 limit.

After the reduction in the limit was announced, some HSA account holders may have received a distribution (with earnings) from their HSAs to correct an excess contribution, based on the \$6,850 limit. [Revenue Procedure 2018-27](#) addresses the tax consequences for these individuals. To avoid taxes and penalties, individuals can repay these distributions or use them for qualified medical expenses.

