

EMPLOYEE BENEFITS

2026 FSA and Transportation Limit Updates

On October 9, 2025, the IRS released [Revenue Procedure 2025-32](#), providing a list of inflationary adjustments made to certain employee health and welfare benefits (and other various items) for the 2026 calendar year, including:

- 2026 inflationary-adjusted health FSA employee contribution and carryover limits
- 2026 inflationary-adjusted qualified transportation fringe benefit reimbursement program limits

The new limits for these benefits are as follows:

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Health FSA (for both general purpose and limited purpose health FSAs)

- An employee may contribute a maximum of \$3,400 to a health FSA for plan years beginning on or after January 1, 2026 (up from \$3,300 in 2025)
- An employee may carry over a maximum amount of \$680 from a plan that has a plan year beginning on or after January 1, 2026, to the following plan year (up from \$660 in 2025)

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Commuter Transit/Qualified Parking Benefit Limits

- For 2026, an employee may receive up to \$340 per month in reimbursements for qualified transportation expenses (e.g., commuter highway vehicle, transit passes) (up from \$325 in 2025)
- For 2026, an employee may receive up to \$340 per month in reimbursements for qualified parking expenses (up from \$325 in 2025)

The maximum amount of dependent care FSA (DCAP) benefits that may be received on a tax-free basis during a calendar year was adjusted with the passage of the One Big Beautiful Bill Act in July 2025 and is now \$7,500 for most employees in 2026 (up from \$5,000 in 2025).

As a reminder, these annual adjustments are permissive, meaning employers/plan sponsors are not required to adopt the above plan limit adjustments within their plan. If an employer/plan sponsor chooses to adjust their employee contribution/reimbursement amounts, they should reflect such changes within their accompanying document(s) that describe the plan(s).

Benefit	2025	2026
Health FSA (<i>general purpose and limited purpose FSA</i>)	\$3,300/year	\$3,400/year
Health FSA Carryover	\$660	\$680
Dependent Care FSA	\$5,000/year	\$7,500/year
Commuter Benefits		
• Qualified Transportation Expenses	\$325/month	\$340/month
• Qualified Parking Expenses	\$325/month	\$340/month

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