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IRS Releases Annual Increases to Health FSA and Transportation Fringe Benefit Limits for 2026

Compensation & Benefits on **October 29, 2025**

On October 9th, the IRS announced several inflation adjustments for 2026, including adjustments to the annual contribution and carryover limits for healthcare flexible spending accounts and the monthly limit for qualified transportation fringe benefits. Separately, the One, Big, Beautiful Bill increased the contribution limit for dependent care flexible spending accounts from $5,000 (or $2,500 for married couples filing separately) to $7,500 (or $3,750 for married couples filing separately) for tax years starting in 2026. This increase was not included in the IRS's recent announcement as it was legislative change rather than an inflation adjustment.

Health FSAs

	2025	2026	Increase from 2025 to 2026
Annual Contribution Limit	$3,300	$3,400	$100
Carryover Limit	$660	$680	$20

Qualified Transportation Fringe Benefits

	2025	2026	Increase from 2025 to 2026
Transportation in a Commuter Vehicle or Transit Pass	$325/month	$340/month	$15/month
Qualified Parking	$325/month	$340/month	$15/month

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