



535 Grand Avenue, Grand Junction, CO 81501
PO Box 1449, Grand Junction, CO 81502
970-243-7789 ♦ www.lighthousehrs.net

Compliance Connection

November 2025
Happy Thanksgiving!

Federal Compliance Update

Federal: IRS Releases 2026 Retirement Plan Maximums

On November 13, 2025, the IRS released the 2026 maximum contribution limits for retirement plans and individual retirement accounts (IRAs). Here are a few of the notable changes:

- The annual contribution limit for 401(k) plans will increase to \$24,500 (from \$23,500 in 2025).
 - The annual catch-up contribution limit will increase to \$8,000 (from \$7,500 in 2025) for participants age 50 and over.
 - The annual catch-up contribution, introduced by the SECURE Act 2.0, for participants between ages 60 to 63, remains at \$11,250 annually.
- The annual contribution limit for IRAs will increase to \$7,500 (from \$7,000 in 2025).
- The annual catch-up contribution limit will increase to \$1,100 (from \$1,000 in 2025) for participants age 50 and over.

You can find the full list of the new limits in [IRS Notice 2025-67](#).

Federal: DHS Ends Automatic Extensions of Noncitizen Work Permits

Effective immediately, the Department of Homeland Security (DHS) will no longer automatically extend most work permits for noncitizens. This only impacts workers who apply for their work permit renewals on or after October 30, 2025, and don't qualify for one of the few remaining exceptions for automatic extension.

The practical effect of this rule is that noncitizens who are granted work authorization should apply for renewal as soon as possible, since it can take months to be approved and automatic extensions won't be granted to account for lengthy processing times.

The DHS [interim final rule](#) was published on October 30, 2025.

Benefits Bulletin: Fringe and Account-Based Benefits Plan Updates for 2026

Provisions from the budget reconciliation bill (HR 1: One Big Beautiful Bill Act), affecting benefits provisions in 2026, are described below.

Bicycle Commuter Reimbursement Exclusion

Tax-free reimbursements to employees for qualified commuting expenses for bicycles, previously excluded for tax years 2018 through 2025, is indefinitely excluded. As a result, employers can't reinstate bicycle commuter expenses as a tax-free benefit again in 2026 and need to amend their fringe benefits documents if they included the previous temporary exclusion dates.

Dependent Care Flexible Spending Account Limit

The dependent care flexible spending account (DCFSA) annual contribution limit will increase to \$7,500 for plan years beginning in 2026. Increasing the limit is optional for employers; however, employers offering a DCFSA that want to take advantage of the increase should update their cafeteria and benefits plan documents and notify employees prior to the start of their 2026 plan year.

Direct Primary Care Service Arrangements

Beginning January 1, 2026, certain direct primary care service arrangements (a contract between an individual and primary care physicians for care for a monthly fee) will not prohibit an employee from contributing to a health savings account (HSA). Employees may use their HSA to pay the monthly cost of direct primary care service arrangements that meet certain qualifications (e.g., a monthly fee of \$150 or less for one person). HR 1 was signed by the President on July 4, 2025.

Federal: IRS Publishes 2026 Annual Benefits Maximums

The IRS published the 2026 limits for several types of benefits that have maximums subject to annual change. You can find the full list of the new amounts in the [IRS Revenue Procedure 2025-32](#).

The most commonly asked about limits are below. They apply to taxable years starting in 2026.

Health Flexible Spending Account (HFSAs)

The HFSAs contribution limit is \$3,400. For HFSAs that include a carryover feature, the maximum carryover is \$680.

Qualified Small Employer Health Reimbursement Arrangement (QSEHRA)

The maximum total for all QSEHRA reimbursement and payments is \$6,450 for single coverage and \$13,100 for family coverage.

Adoption Assistance Programs

The maximum employee tax credit and amount an employer can provide for adoption assistance is \$17,670. The tax credit begins to phase out for individuals with a modified adjusted gross income above \$265,080 and is completely phased out at \$305,080 and above.

Qualified Commuter Plans—Mass Transit and Parking

The monthly limit for both qualified parking and mass transit is \$340.

State Compliance Update

Main Exempt Salary Thresholds - 2026

Employers must compensate their employees with 1.5 times their regular rate of pay for any hours of overtime work. However, under these laws, employees who work in an executive, administrative or professional (EAP) capacity are exempt from overtime pay if they satisfy, among other things, the salary level requirements for their exemption.

Under the federal Fair Labor Standards Act (FLSA), the current salary level requirement for the EAP exemption is \$684 per week (\$35,568 per year) on a salary or fee basis. For highly compensated employees (HCEs), the salary level is \$107,432, which includes at least \$684 per week paid on a salary or fee basis.

While these salary levels apply in most U.S. jurisdictions, Colorado adopted EAP salary levels higher than the ones required by the FLSA.

Colorado – Proposed 2026 Exempt Pay Thresholds

Colorado's exempt wage thresholds for 2026 are [proposed only](#) and have not yet been finalized by the Colorado Department of Labor and Employment (CDLE). The [2026 Pay CALC Order](#) was proposed on September 30, 2025, and is expected to be approved soon by the Colorado Attorney General.

Under the proposed rule, the standard Executive, Administrative, and Professional (EAP) exemption would require a salary of **\$1,111.23 per week, or \$57,784 per year.**

Certain occupations have separate threshold rules. Agricultural range workers would be required to receive \$620.52 per week, while highly technical computer employees may be paid either \$34.85 per hour or the full EAP salary level. Highly compensated employees (HCEs) would need to earn \$130,014 annually in addition to meeting the standard EAP weekly salary requirement.

Several categories of workers have alternative pay standards.

- Drivers and driver helpers would be subject to a weekly salary threshold of \$833.80.
- Seasonal camp and outdoor education field staff must be paid the full Colorado minimum wage or a weekly equivalent of \$436.72 for adults and \$341.38 for minors.
- For nonprofit organizations with annual revenue up to \$25 million, the proposed salary levels are \$330.60 per week for adults and \$251.15 per week for minors. Again, these figures remain part of a proposed rulemaking package and should not be treated as final.

Minimum Wages for Colorado

On January 1, 2026, the minimum wage rates in Colorado will increase as follows.

Statewide

Colorado has proposed increasing its minimum wage to \$15.16 per hour and the minimum wage for tipped employees to \$12.14. The [2026 Pay CALC Order](#) was proposed on September 30, 2025, and is expected to be approved soon by the Colorado Attorney General.

Denver

Denver's city and county minimum wage will increase to \$19.29 per hour. The minimum base wage for tipped employees will increase to \$16.27 per hour. The City and County of Denver [announced](#) the minimum wage on August 7, 2025.

Edgewater

Edgewater's minimum wage will increase to \$18.17 per hour. The minimum base wage for tipped employees will increase to \$15.15 per hour. The Edgewater City Council [approved](#) Ordinance 2023-07 on May 2, 2023.

Unincorporated Boulder County

Unincorporated Boulder County's minimum wage is set to increase to \$16.82 per hour while the minimum base wage for tipped employees is set to increase to \$13.80 per hour. For a list of unincorporated areas where this minimum wage law applies, see Boulder County's [website](#).

Compliance Calendar

December

12/31 – Gag Clause Prohibition Compliance Attestation – group health plans and health insurers

January

Get caught up on year end!

February

2/1 – Deadline to Post OSHA Form 300A

2/2 – Forms W2 and 1099-Misc Distribution Deadline

Disclaimer:

Lighthouse HR Support (LHRS) provides practical human resource information and guidance based upon our knowledge and experience in the industry and with our clients. LHRS services are not intended to be a substitute for legal advice. LHRS services are designed to provide general information to human resources and/or business professionals regarding human resource concerns commonly encountered. Given the changing nature of federal, state, and local legislation and the changing nature of court decisions, LHRS cannot and will not guarantee that the information is completely current or accurate. LHRS services do not include or constitute legal, business, international, regulatory, insurance, tax, or financial advice. Use of our services, whether by phone, email or in person shall indicate your acceptance of this knowledge. Information provided in part by Mineral and Z�wave.