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1100 13th St. NW • Suite 878 • Washington, DC 20005
(202) 659-0670 • www.ebri.org • Fax: (202) 775-6312

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CONTACT:

Paul Fronstin, EBRI (author), fronstin@ebri.org, 202/775-6352

New Research from EBRI:

Most HSAs Rolled Over Money at the End of 2016

WASHINGTON—The vast majority of health savings account (HSA) owners rolled over money at the end of last year, retaining HSA funds to cover future health expenses, according to new findings by the nonpartisan Employee Benefit Research Institute (EBRI).

Specifically, the latest results from the unique EBRI HSA Database show that over 90 percent of HSAs with individual or employer contributions in 2016 ended the year with funds to roll over for future expenses.

Two-thirds of account holders ended 2016 with positive net contributions, meaning annual contributions were higher than annual distributions, EBRI found. As of the end of 2016, the average HSA balance among account holders with individual or employer contributions in 2016 was \$2,532, up from \$1,604 at the beginning of the year.

“In 2016, 66 percent of account holders had positive net contributions, meaning their annual contributions were higher than their annual distributions,” said Paul Fronstin, director of EBRI’s Health Research and Education program and author of the report. “While it is plausible that account holders overestimated the expenses they would have during the year, it is equally possible that individuals intentionally hoped to build up savings in their account.”

Other highlights of the new EBRI analysis:

- On average, individuals who made contributions in 2016 contributed \$1,986 over the year and HSAs receiving employer contributions in 2016 received \$935. But only 13 percent of account holders contributed the fully allowable annual amount.
- Three-fourths of HSAs with a 2016 contribution also had a distribution during 2016. Of the HSAs with distributions, the average amount distributed was \$1,766, less than the average contribution, resulting in balance increases.
- The presence of individual or employer contributions were associated with an increase in account balances in 2016—even if account holders took a distribution.
- Investing does not maximize longer-term savings. Few HSA owners invest their account assets: Only 3 percent of HSAs had invested assets (beyond cash). While it might be expected that individuals who invested their account balance were using the account solely as a long-term savings vehicle, the opposite appears to have been true. Both investors and non-investors used the HSA to self-fund current uninsured medical expenses.

The data come from the EBRI HSA Database, which analyzes the state of and individual behavior in health savings accounts (HSAs). The HSA database contained 5.5 million accounts with total assets of \$11.3 billion as of Dec. 31, 2016. The new EBRI report is the fourth annual report drawing on cross-sectional data from the EBRI HSA Database and examines account balances, individual and employer contributions, distributions, invested assets and account-owner demographics in 2016.

The full report is published in the Sept. 19 *EBRI Issue Brief*, “Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics, 2016: Statistics from the EBRI HSA Database,” available online at www.ebri.org

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