

For Immediate Release

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EBRI Finds Employees Owning Health Savings Accounts Grew Balances Regardless of Most Taking Distributions, Keeping Funds in Cash

HSAs Comprise Increasingly Important Element of Employment-Based Health Benefit Programs

Washington, D.C. – December 5, 2019 – A new study conducted by the Employee Benefit Research Institute (EBRI) exploring the savings, spending and investment behavior of employees owning Health Savings Accounts (HSAs) finds the average HSA balance in 2018 grew to \$2,803 from \$ 2,071 in the beginning of the year, even with distributions being taken and most funds being left in cash, rather than invested. Enrollment in high-deductible Health Savings Account (HSA)-eligible plans is estimated to be between 23 and 36.8 million policyholders and their dependents, covering nearly 30 percent of U.S. employees in 2018.

The Issue Brief, “Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics, 2018: Statistics from the EBRI HSA Database,” is the sixth annual report examining account balances, individual and employer contributions, distributions, invested assets, and account-owner demographics. It is informed by cross-sectional data from 9.8 million HSAs with \$22.8 billion in assets from the EBRI HSA Database, covering 39 percent of the universe of HSAs and 42 percent of HSA assets.

“HSAs came into the employee benefits landscape in 2004, and have become an increasingly popular program among workers,” said Paul Fronstin, Director, Health Research Education Program, EBRI, and co-author of the report. “Plan sponsors offering HSA-eligible health plans, or even exploring extending this option, can derive insights from the actual behavior of HSA participants, which sometimes departs from what was anticipated when these plans were initially designed.”

Many Contribute, but few Maximize Contributions or Invest their HSAs

While nearly two-thirds of HSAs received contributions either from their owner or their owner’s employer, only 14 percent contributed the fully allowable annual maximum amount -- \$3,450 for individual workers or \$6,900 for workers with family coverage. Individual contributions averaged \$2,017 and employer contributions averaged \$901 in 2018. Seventy-six percent of HSAs with a 2018 contribution also had an average distribution of \$1,865.

The research also finds that only five percent of HSAs have assets invested beyond cash. This is at odds with other research conducted by EBRI and Greenwald & Associates that found—when asked—about 20 percent of HSA owners view their HSA as a long-term savings vehicle to cover health care costs in retirement. Further, while the average balance of investors is \$12,968 versus \$1,787 for those that leave their HSA accounts in cash, 63 percent of investors took an account distribution, compared with 59 percent of non-investors. Moreover, distribution taken by investors was \$2,570, compared with \$1,828 from non-investors.

“The distribution patterns we see from investors may happen simply because they have substantially larger account balances,” said Fronstin. “But all of this behavior is clearly at odds with the way HSA owners talk about their HSA strategies.”

HSA Balances Grow

In 2018, 93 percent of HSAs with individual or employer contributions in 2018 ended the year with funds to roll over for future expenses. Two-thirds of account holders ended 2018 with annual contributions higher than annual distributions. Overall 83 percent of HSAs had balances greater than zero at the end of 2018.

“Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics, 2018: Statistics from the EBRI HSA Database” is available at ebri.org.

About EBRI:

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