

HSA Accountholders Build Health Savings Account Balances Despite the COVID-19 Pandemic

HSAs Receiving a Contribution in 2020 Experience 50 Percent Rise in Balance Over Previous Year

WASHINGTON – October 14, 2021 – A new Employee Research Benefit Institute (EBRI) study finds the average Health Savings Account balance rose more than a third in 2020. The average balance increase was even larger when analyzing only accounts that had received either an employee or employer contribution—up 50 percent for the year. In large part this is because a majority of accountholders either did not take a distribution in 2020 or took a distribution smaller than \$500, a decrease from last year.

“Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics: *Evidence from the EBRI HSA Database*” examines the ways HSA accountholders contribute to, withdraw from, and invest in their HSAs. This data and analysis can help plan sponsors, providers and policymakers better understand strategies that can help improve utilization of HSAs and, ultimately, overall employee financial wellness.

Age and tenure play a major role in HSA utilization

EBRI finds the older the accountholder, the higher the average HSA balance. This is logical, as older workers tend to earn more than younger workers just starting their careers and older workers tend to have a longer account tenure, which helps them accumulate larger balances and acquire additional experience with managing and understanding how HSAs fit into their personal finances. Also, older workers are more likely to incur larger health care expenses than younger workers—a reason to build up HSA balances.

The report finds account tenure is strongly associated with higher account balances. The longer someone has had their account, the more contributions an employee and their employer are likely to have made. While some accountholders spend down much of their balance each year, most do not, and as a result, accountholders build up progressively higher balances year after year.

HSA accountholders exhibit sub-optimal investment behavior

Optimal usage of an HSA from the standpoint of increasing wealth at retirement suggests that accountholders maximize their contributions, hold investments other than cash, and avoid withdrawing money from their HSAs unless they cannot pay for health care out of pocket. However, the study finds that few took advantage of the ability to invest HSA assets.

“Plan sponsors and administrators can play a critical role in helping accountholders take a longer view of HSAs and the role they can play in their financial wellness,” said Jake Spiegel, EBRI Research Associate and coauthor of the report. “By fostering employee engagement with HSAs and providing a contribution to their employees accounts, employers can help nudge their employees toward more optimal usage of HSAs.”

Aimed at better understanding HSA accountholder behavior, this *Issue Brief* focuses on the 11.4 million HSAs in EBRI’s HSA Database that were open for at least some part of 2020, up from 10.5 million open accounts in 2019, and accounting for about 40 percent of the market. Assets contained within accounts captured by EBRI’s HSA Database grew to \$32.9 billion, up from \$28.1 billion in 2019.

“Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics: Evidence from the EBRI HSA Database” can be downloaded from ebri.org/hsa-cross-sectional.

About EBRI

[The Employee Benefit Research Institute](http://TheEmployeeBenefitResearchInstitute.org) (EBRI) is a nonpartisan membership organization committed to contributing to, encouraging, and enhancing the development of sound employee benefit programs and public policy through objective research and education. Founded in 1978, EBRI is the only private, nonprofit, nonpartisan, Washington, DC-based organization committed exclusively to public policy research and education on economic security and employee benefit issues.