

New, Long-Term Analysis of Health Savings Account Usage Finds Contributions Below Maximum Levels, Most Accountholders Taking Distributions and Few Investing

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(Washington, D.C.) – A new research report utilizing the latest available data about health savings accounts (HSA), published today by the Employee Benefit Research Institute (EBRI), finds average contributions are well below the maximum allowed, most accountholders taking a distribution from their HSA and relatively few accountholders investing. Still, despite workers spending more on health care in 2022 than in previous years, average balances in HSAs increased, rising from \$4,318 in 2021 to \$4,607.

Key findings in the new research report, “Trends in Health Savings Account Balances, Contributions, Distributions, and Investments, 2011–2022,” include:

- **Relatively low balances:** Since the establishment of EBRI’s HSA Database, average account balances have generally trended upward and 2022 was no exception. End-of-year balances increased in 2022 to \$4,607, but average balances are still modest. This may be a result of the fact that many of the HSAs in EBRI’s HSA Database are relatively new. Roughly, one-third of the accounts were opened since 2021.
- **Contributions below the maximum:** Relative to 2022, average HSA contributions increased. Average employee contributions rose to \$1,962, while the average employer contribution decreased slightly to \$762. However, the growth in individual contributions outweighed the decrease in employer contributions, resulting in higher total contributions in 2022 than in 2021. The average combined HSA contribution was \$926 less than the statutory maximum contribution for individuals and \$4,576 less than the statutory maximum contribution for accountholders with family coverage.
- **High incidence of withdrawals:** Over one-half of accountholders withdrew funds. The average distribution rose to \$1,868, continuing to rise from the COVID-era lows observed in 2020.
- **Low use of investments:** Few accountholders took advantage of the ability to invest HSA funds, as only 13% of accountholders invested in assets other than cash. However, the share of accountholders who invested their HSAs has increased for six years in a row, which is an encouraging sign that accountholders are increasingly leveraging the powerful tax advantages HSAs offer.

“It is critical for plan sponsors to understand how HSAs are being used by their workers, as trends can inform future workplace benefit strategies. We find that as individuals become more familiar with HSAs — the longer they have had their HSA — accountholders tend to take better advantage of the benefits HSAs offer,” explained Jake Spiegel, research associate, Health and Wealth Benefits, EBRI. “In particular, the longer someone has owned their HSA, the larger their balance tends to be, the higher their contributions tend to be and the more likely they are to invest their HSA in assets

other than cash. These strategies better position accountholders to withdraw larger sums when unexpected major health expenses occur and can leave accountholders more prepared to cover their health care expenses in retirement.”

The EBRI HSA Database is a representative repository of information about individual HSAs. The database is unique because it includes information provided by a variety of account recordkeepers representing the characteristics and activity of a broad range of HSA owners. As of Dec. 31, 2022, the EBRI Database includes 14 million health savings accounts representing \$42.5 billion in assets.

“Plan sponsors that wish to introduce or continue offering HSA-eligible health plans as part of a workplace benefit program, as well as policymakers and providers, can benefit from this long-term view of HSA accountholder behaviors,” said Spiegel.

To view a summary of the research report, “Trends in Health Savings Account Balances, Contributions, Distributions, and Investments, 2011–2022, visit <https://www.ebri.org/publications/research-publications/issue-briefs/content/summary/trends-in-health-savings-account-balances--contributions--distributions--and-investments--2011-2022>.

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(Media Note: To receive the complete research report, email Ron Dresner at dresner@ebri.org).