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Contact:

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Stephen Blakely, EBRI, 202/775-6341, blakely@ebri.org
Paul Fronstin, EBRI (author), 202/775-6352, fronstin@ebri.org

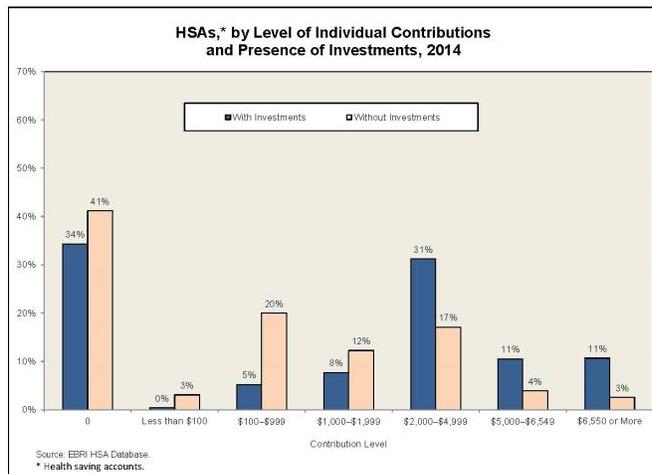
New Research from EBRI:

HSA Investment Accounts: Small, But Growing

WASHINGTON—Investment options in health savings accounts (HSAs) are a fairly new and not widely used option, but they tend to draw larger contributions and have higher balances where they do exist, according to a new analysis by the nonpartisan Employee Benefit Research Institute (EBRI).

“HSAs often have an investment-account option that allows account owners to invest in not just a money market account, but in mutual funds and other investment vehicles much like they would in a 401(k) plan. Some HSA owners may use the investment-account option as a means to increase savings for retirement, while others may be using it for shorter-term investing,” said Paul Fronstin, director of EBRI’s Health Research and Education Program and author of the report.

In 2014, 6.4 percent of health savings account (HSA) owners in the EBRI HSA Database had used the investment option portion of the account. Among the major findings in the EBRI report:



- Forty-seven percent of the HSAs with investments were opened between 2005 and 2008, compared with 8 percent among HSAs without investments. Among HSA owners with investments, the average age was 48.5 in 2014, compared with 43 among HSA owners without investments.
- Individuals contributed \$2,636 annually on average when they had investments, and \$1,224 when they did not have investments. Annual distributions for health care claims averaged \$1,777 from HSAs with investments, and \$1,293 from HSAs without investments.

- End-of-year account balances averaged \$10,261 among HSAs with investments, and \$1,709 in HSAs without them.

HSAs have been available since 2004, having been created by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), which allows individuals enrolled in certain high-deductible health plans to open and fund a health savings account. HSAs provide account owners a triple tax-advantage, which is one of their key selling points: Contributions to an HSA reduce taxable income; earnings on the assets in the HSA build up tax free; and distributions from the HSA for qualified expenses are not subject to taxation.

The full report, “Investment Options and HSAs: Findings from the EBRI HSA Database,” is published in the August *EBRI Notes*, online at www.ebri.org

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