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

New Research from EBRI:

HSA Balances Post Significant Growth in 2015

WASHINGTON—Balances in health savings accounts (HSAs) grew by more than a third in 2015, according to the most recent results from the EBRI HSA Database.

The third annual update of the EBRI HSA database shows that at year-end 2015 (the latest data available), the average HSA balance was \$1,844, up from \$1,332 at the beginning of the year. Average account balances increased with the age of the owner of the account. Account balances averaged \$759 for owners under age 25 and \$3,623 for owners ages 65 and older.

“Nearly 30 percent of employers offered an HSA-eligible health plan in 2015, and that percentage is expected to increase in the future both as a health plan option and as the only health plan option,” said Paul Fronstin, director of EBRI’s Health Education and Research Program and author of the study. “This database is one of the very few sources of administrative information on HSAs themselves and how owners use them.”

A health savings account is a tax-exempt trust or custodial account that is funded with contributions and assets that an individual can use to pay for health care expenses. Individuals can contribute to an HSA only if they are enrolled in an HSA-eligible health plan.

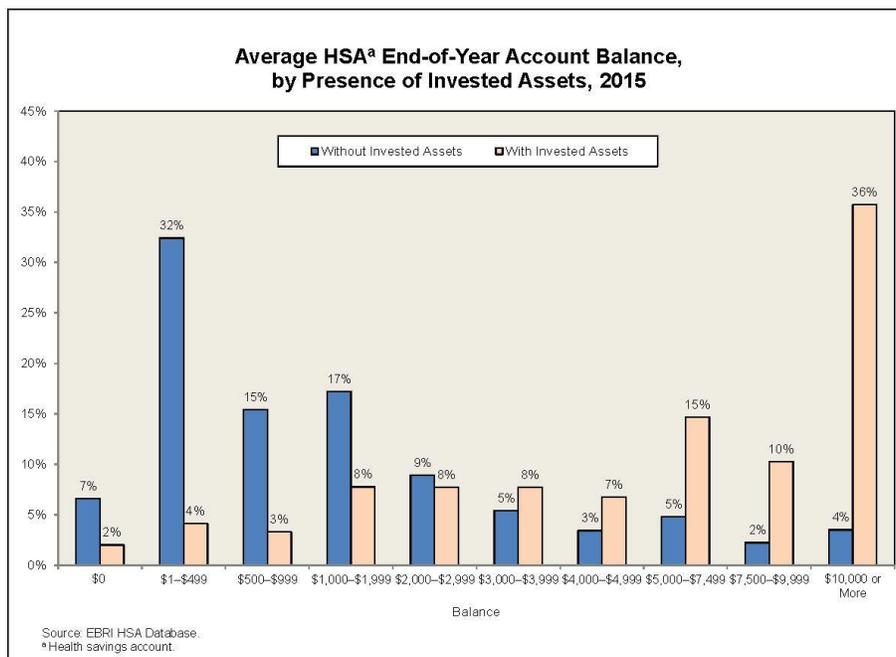
Contributions to the account are deductible from taxable income, an employer’s contributions to the account are excludable from the employee’s gross income, and distributions for qualified medical expenses from the HSA are excluded from taxable income to the employee. Tax-free distributions are also allowed for certain premium payments. Any interest or other capital earnings on assets in the account build up tax free.

The EBRI HSA database collects anonymous data from various HSA recordkeepers, and includes four million accounts with total assets of \$7.4 billion as of Dec. 31, 2015. It examines account balances, individual and employer contributions, distributions, invested assets and account-owner demographics in 2015.

Among the key findings:

- Over 4 in 5 HSAs (85 percent) have been opened since the beginning of 2011.
- About 3 percent of HSAs had invested assets (beyond cash). Thirty-six percent of HSAs with investments ended 2015 with a balance of \$10,000 or more, whereas only 4 percent of HSAs without investments had such a balance.
- Among HSAs with investments, accounts opened in 2015 ended the year with an average balance of \$4,907 whereas those opened in 2005 had an average balance of \$27,903 at the end of 2015.
- On average, individuals who made contributions in 2015 contributed \$1,864 to their account in 2015. HSAs receiving employer contributions in 2015 received \$948, on average.

- Four-fifths of HSAs with a 2015 contribution also had a distribution during 2015. Of the HSAs with distributions, the average amount distributed was \$1,748.
- Distributions increased as HSA owners’ ages increased. For example, 2015 distributions averaged \$634 for HSA owners under age 25; \$2,319 for owners ages 55–64; and \$2,365 for owners ages 65 and older.
- Distributions were higher for HSAs that were older. However, the likelihood of taking a distribution was higher among HSAs opened more recently, other than those opened in 2015.



The full report, “Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics, 2015: Estimates from the EBRI HSA Database,” is published in the Nov. 29 *EBRI Issue Brief*, online at www.ebri.org

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