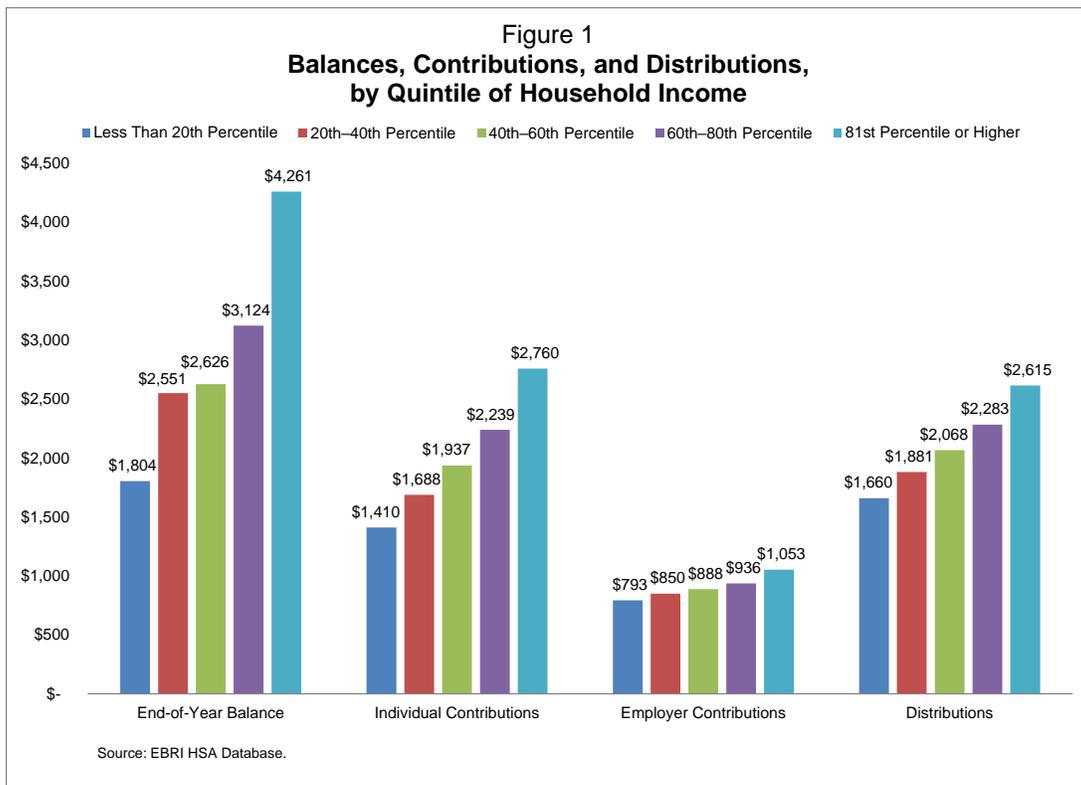


Higher-Income HSA Owners Save More, Spend More

Differences in use of employee benefits programs based on income is a well-documented phenomenon. For example, higher-income 401(k) participants tend to have larger account balances.¹ New research by the Employee Benefit Research Institute (EBRI) finds that this is true among health savings account (HSA) holders as well. According to EBRI’s HSA Database, accountholders in higher-income ZIP codes had average account balances that were more than two times the size of those in lower-income ZIP codes. Those in the top quintile of income ended 2018 with a balance of \$4,261, whereas those in the lowest quintile ended 2018 with \$1,804 (Figure 1). Some of the difference in end-of-year balances is due to differences in contribution levels: Accountholders in the top quintile of income contributed an average of \$2,760, whereas those in the lowest quintile contributed \$1,410. To a lesser extent, employer contributions also added to this differential: Accountholders in the top quintile received an average employer contribution of \$1,053 compared with \$793 for those in the lowest quintile.

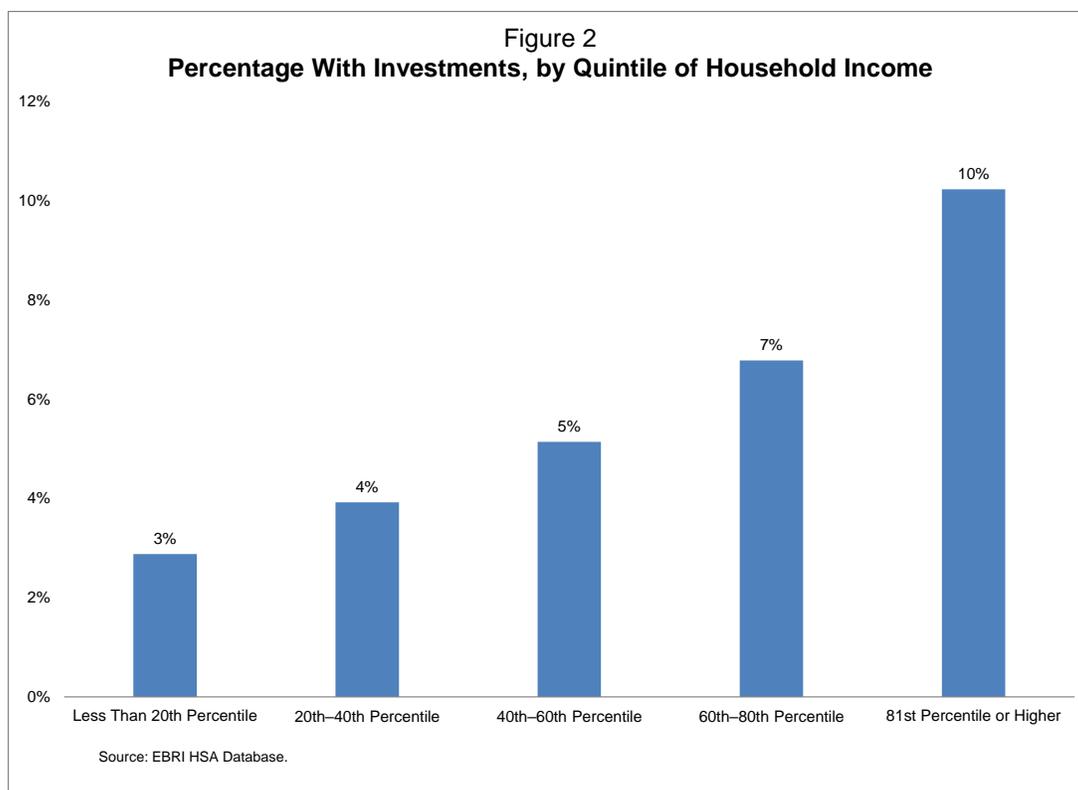


EBRI developed the EBRI HSA Database to analyze the state of and individual behavior in health savings accounts (HSAs). The HSA database contains 9.8 million accounts with total assets of \$22.8 billion as of Dec. 31, 2018. This *Fast Fact* examines account balances, individual and employer contributions, distributions, and investments by accountholder income.

The EBRI HSA Database does not contain employee or family earnings or income data. However, ZIP code data are available for most of the sample and were used to match to ZIP-code-level data on median household income. The ZIP-code-level data on median household income comes from the American Community Survey (ACS), conducted by the U.S. Census Bureau.

At the same time, accountholders in the top quintile took larger distributions in 2018 than those in the lowest quintile: \$2,615 vs. \$1,660. They may have taken larger distributions because they have larger balances.

Two other factors may also contribute to the higher account balances by income. First, as income rises, the propensity to invest HSA balances in mutual funds increases (Figure 2). As such, the higher returns from investments may contribute to higher HSA balances.



This research is important as employers, providers, and policymakers seek to understand the extent to which HSA balances are being grown and invested and by whom.

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which include a broad range of public, private, for-profit and nonprofit organizations. For more information go to www.ebri.org or connect with us on [Twitter](#) or [LinkedIn](#).

¹ See [https://www.ebri.org/publications/research-publications/issue-briefs/content/401\(k\)-plan-asset-allocation-account-balances-and-loan-activity-in-2016](https://www.ebri.org/publications/research-publications/issue-briefs/content/401(k)-plan-asset-allocation-account-balances-and-loan-activity-in-2016) for more information.