Vital Statistics on Flexible Spending Accounts, 2021: An Update From the EBRI FSA Database

Flexible spending accounts (FSAs) are a useful way for workers to stretch their health care spending dollars further than they otherwise could. Contributions to FSAs are made on a pre-tax basis, and distributions are tax free as well, provided the funds are spent on qualified medical expenditures. A survey conducted by the Bureau of Labor Statistics estimates that 47 percent of workers have access to an FSA.\(^1\) However, there is little empirical research into the attributes or actions of FSA accountholders. In response, the Employee Benefit Research Institute (EBRI) has established an FSA Database with the aim of shedding light on this commonplace but under-researched workplace benefit.

About EBRI’s FSA Database

The EBRI FSA Database is a representative repository of information about individual flexible spending accounts (FSAs). The database is unique because it includes data provided by a wide variety of account recordkeepers and, therefore, represents the characteristics and activity of a broad range of FSA contributors. As of Dec. 31, 2021, the EBRI Database includes:

- 2.4 million accounts.
- $3.28 billion in contributions.

Now in its third year, EBRI’s FSA Database has grown to 2.4 million accounts. These accounts received $3.28 billion in total contributions in 2021, of which $3.22 billion were employee contributions and $54 million were employer contributions.

Contributions

Notably, EBRI’s analysis finds that the average employee contribution in 2021 was $1,227.\(^2\) This is roughly in line with average contributions in the past, which totaled $1,265 in 2020 and $1,179 in 2019, shown below in Figure 1. Only 7 percent of accountholders received an employer contribution on their behalf to their FSA. Of those who did, the average employer contribution was $300.

---

2 For 2021, the statutory maximum contribution was $2,750.
Distributions

The vast majority of accountholders in EBRI’s FSA Database took a distribution, with 89 percent of accountholders withdrawing money at some point for expenses incurred in 2021. Among accountholders who did take a distribution, the average amount withdrawn was $1,282. As with contributions, this is roughly in line with previous years’ average distribution amounts, shown below in Figure 2.
Remaining Balances and Forfeitures

Unlike health savings accounts, FSAs are subject to “use-it-or-lose-it” rules. EBRI’s analysis finds that 68 percent of accountholders carried a balance as of December 31, 2021, and the average balance was $455. Some FSAs have a grace period feature, in which accountholders have 90 days from the end of the plan year to spend the funds in their FSA. As a result, the average FSA balance on March 15th was lower, at $418. These remaining balances are slightly higher than in the recent past, shown below in Figure 3, perhaps due to recent legislative changes.

As part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed in 2020, employers could opt into a provision that allowed employees to carry over FSA funds in excess of the statutory maximum. This provision was extended by the Consolidated Appropriations Act (CAA) through 2021 as well. EBRI’s FSA Database does not contain information on employers that chose to opt into this provision, and as a result, we cannot discern which employees were able to roll over amounts in excess of $550, and which had forfeited those funds.

The Employee Benefit Research Institute is a private, nonpartisan, and nonprofit research institute based in Washington, D.C., 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 and private organizations. For more information, visit [www.ebri.org](http://www.ebri.org).

###

3 Some plans have a rollover feature. In 2023, the maximum amount that can be carried over to the next plan year is $610.