

At a Glance | September 23, 2021

Contributions to New HSAs Reduce 401(k) Contributions, but Only Marginally

Findings from the EBRI/ICI Participant-Directed Retirement Plan Data Collection Project and EBRI's HSA Database

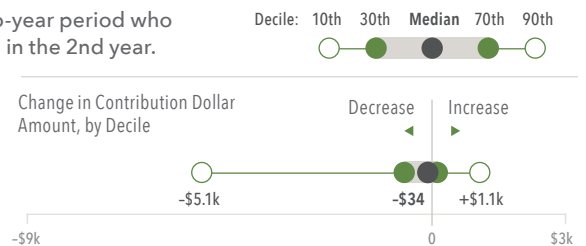
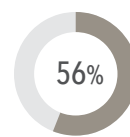
401(K) CONTRIBUTIONS WITH HSA

The median reduction in 401(k) contributions the first year participants made HSA contributions was \$34. The change ranged from a decrease of \$5,127 at the 10th decile to an increase of \$1,143 at the 90th decile.

Over Half of Participants Reduced Their 401(k) Contributions in the First Year They Made HSA Contributions, but not in Significant Amounts

We studied participants over a two-year period who made their initial HSA contribution in the 2nd year.

Percentage of 401(k) Participants Who Reduced Their Contributions the Year They Contributed to Their HSA



401(K) CONTRIBUTION IMPACT

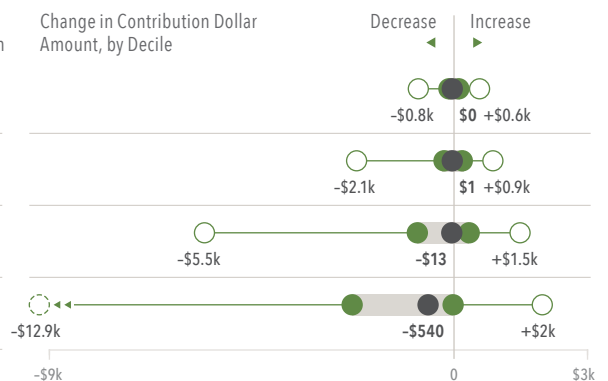
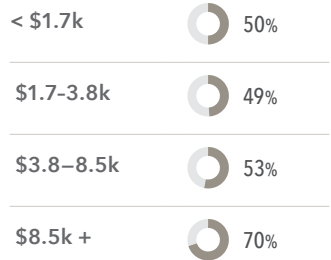
Contributions to 401(k) plans were unaffected among participants contributing \$8,500 or less in Year 1. However, contributions decreased \$540 among those contributing \$8,501 or more.

Those Contributing the Most to Their 401(k) Experienced the Largest 401(k) Declines at the Median in the First Year of HSA Contributions

Amount of 401(k) Contribution

% That Reduced 401(k) Contribution

Change in Contribution Dollar Amount, by Decile



HSA CONTRIBUTION IMPACT

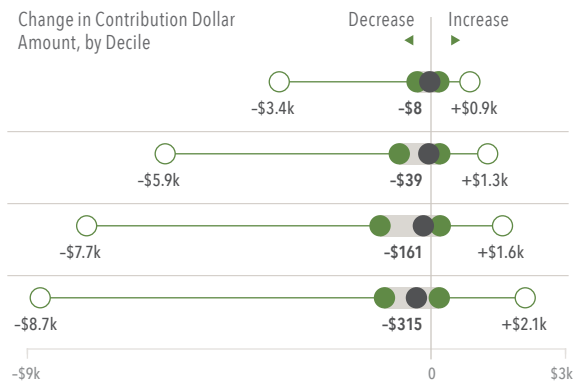
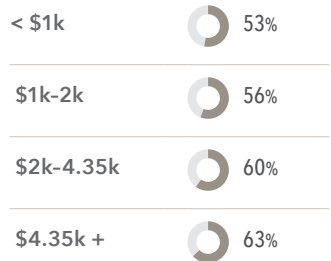
Higher HSA contributions were associated with lower 401(k) contributions. Among HSA participants contributing \$1,000 or less, median 401(k) contributions fell only \$8. Contributions fell \$315 among HSA participants contributing more than \$4,350.

401(k) Contributions Decreased as HSA Contributions Increased

Amount of HSA Contribution

% That Reduced 401(k) Contribution

Change in Contribution Dollar Amount, by Decile



SOURCE: Spiegel, Jake, and Paul Fronstin, "Two's a Crowd: Do HSA Contributions Crowd out 401(k) Contributions?," EBRI Chartbook (Employee Benefit Research Institute, February 2021).

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