A T A G L A N C E

The Employee Benefit Research Institute (EBRI) developed the EBRI HSA Database to analyze the state of and individual behavior in Health Savings Accounts (HSAs). The HSA database contains 5.5 million accounts with total assets of $11.4 billion as of Dec. 31, 2016. This Issue Brief is the first longitudinal study from the HSA database and supplements the annual cross-sectional analyses. It examines trends in account balances, individual and employer contributions, distributions, invested assets and account-owner demographics from 2011–2016. Plan sponsors who wish to introduce or continue offering HSA-eligible health plans as part of their workplace benefit program can leverage this long-term view of account holder behaviors when developing strategies to increase employee financial wellness.

Key findings:

On average, account holders appear to be using HSAs as specialized checking accounts rather than investment accounts. HSAs offer a valuable tax incentive to set aside money on a tax-favored basis for current or future medical expenses. However, most account holders appear to be using the accounts to cover current expenses, such as deductibles, coinsurance and copayments, rather than fully taking advantage of the tax preference by contributing the maximum.

- Average total contributions—combined individual and employer contributions—increased from $2,348 to $2,922 between 2011 and 2016. This average was just above the minimum allowable deductible amount for family coverage, but less than one-half the allowable contribution maximum for family coverage.

- Overall, 63 percent of account holders withdrew funds. The average annual amount distributed was $1,771 in 2016, implying an average rollover of $1,151.

- Very few account owners invested their HSA balance in investments other than cash despite the tax saving possibilities. In 2016, 4 percent had investments other than cash.

Longer experience with HSA improves account holder prospects for financial security. The rollover feature of HSAs enables account holders to build up a balance for unexpected major medical expenses—in the near future and/or for retirement.

- Average end-of-year balances, by the year the account was opened, show that financial security increases over time. Accounts opened in 2004 (or earlier) had an average $14,873 year-end account balance, while accounts opened in 2016 had an average $1,027 year-end account balance.
• Annual 2016 contributions are higher the longer an account owner had an account. Individual contributions averaged $3,658 among those who opened their account in 2005, but only averaged $1,290 among those who opened their account in 2016.

• Older, larger accounts offer a stronger hedge against unexpected bills. Those accounts opened in 2005 had an average annual distribution of $2,756, while those only opened in 2016 took $1,051 in distributions.

• Over time, account owners appear to see the value in investing. In 2016, 11 percent of accounts opened in 2005 had investments other than cash, compared to only 1 percent among those opened in 2016. It is possible that rules requiring minimum balances may have prevented owners of relatively new accounts from investing as the accounts would not have reached the minimum balance requirement.
Paul Fronstin is director of the Health Education and Research Program at the Employee Benefit Research Institute (EBRI). This Issue Brief was written with assistance from EBRI’s research and editorial staffs. Any views expressed in this report are those of the authors and should not be ascribed to the officers, trustees, or other sponsors of EBRI, Employee Benefit Research Institute-Education and Research Fund (EBRI-ERF), or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

Copyright Information: This report is copyrighted by the Employee Benefit Research Institute (EBRI). It may be used without permission but citation of the source is required.


Report Availability: This report is available on the Internet at www.ebri.org

Table of Contents
Introduction .................................................................................................................. 5
About the EBRI HSA Database ................................................................................ 5
Trends in HSA Balances ............................................................................................ 7
Trends in Contributions to HSAs ............................................................................. 7
Trends in Distributions from HSAs .......................................................................... 10
Trends in Investing HSA Assets ............................................................................. 14
Conclusion ............................................................................................................... 14
Appendix—What is an HSA? .................................................................................... 19
   Eligibility ................................................................................................................. 19
   Contributions .......................................................................................................... 19
   Investments ............................................................................................................ 19
   Distributions ........................................................................................................... 20
   Archer Medical Savings Accounts ...................................................................... 20
   ERISA Compliance ................................................................................................. 20
References .................................................................................................................. 20
Endnotes .................................................................................................................... 21

Figures
Figure 1, Statutory HSA Limits, 2004–2017 ............................................................... 6
Figure 2, Percentage of Employers Offering HSA-Eligible Health Plan/HRA, by Firm Size, 2010–2016, With Projections Through 2019 ......................................................... 6
Figure 3, EBRI HSA Database: Accounts and Assets, 2011–2016 ............................................. 8
Figure 4, HSAs, by Year Account was Opened .......................................................... 8
Figure 5, Average End-of-year Account Balance, by Year, 2011–2016 ......................... 9
Figure 6, Average End-of-year Account Balance, by Year Account was Opened, 2016 .......... 9
Figure 7, End-of-year Average Account Balances by Account-owner Demographics, 2011–2016 ................................................................. 10
Figure 8, Percentage of Accounts With Individual and Employer Contributions to HSAs, by Year, 2011–2016.............. 11
Figure 9, Annual Average Individual and Employer Contributions to HSAs, 2011–2016...................................................... 11
Figure 10, Annual Average Total Contributions to HSAs, 2011–2016........................................................................... 12
Figure 11, Annual Average Individual and Employer Contributions to HSAs, by Year Account was Opened, 2016 .......... 12
Figure 12, Average Annual Individual and Employer Contributions by Account-owner Demographics, 2011–2016 .... 13
Figure 13, Percentage of Accounts With a Distributions from HSAs, by Year, 2011–2016................................................... 15
Figure 14, Annual Average Distribution from HSAs, 2011–2016 .................................................................................. 15
Figure 15, Annual Average Distributions from HSAs, by Year Account was Opened, 2016............................................. 16
Figure 16, Percentage of Accounts With Distributions from HSAs, by Year Account was Opened, 2016..................... 16
Figure 17, Average Annual Distributions by Account-owner Demographics, 2011–2016............................................... 17
Figure 18, Presence of Investments Other Than Cash, 2011–2016 ............................................................................... 17
Figure 19, Presence of Investments Other Than Cash, by Year Account was Opened, 2016...................................... 18
Figure 20, Percent With Investments Other Than Cash, by Account-owner Demographics, 2011–2016 .................... 18
Trends in Health Savings Account Balances, Contributions, Distributions, and Investments, 2011–2016: Statistics from the EBRI HSA Database

By Paul Fronstin, Ph.D., Employee Benefit Research Institute

Introduction
The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) allows individuals enrolled in high-deductible health plans meeting certain requirements to open and fund health savings accounts (HSAs), 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. HSAs benefit from a triple tax advantage: employee contributions to the account are deductible from taxable income, any interest or other capital earnings on assets in the account build up tax free, and distributions for qualified medical expenses from the HSA are excluded from taxable income to the employee.

Enrollment in HSA-eligible health plans and the number of HSAs have increased since the plans first became available in 2004. In 2016, enrollment in these HSA-eligible health plans was estimated to be between 20.2 and 23.6 million policyholders and their dependents. One-quarter of smaller employers (10–499 employees) and 61 percent of larger employers (500 or more employees) offered an HSA-eligible health plan in 2016. It has also been estimated that there were about 20 million HSAs holding $37 billion in assets as of Dec. 31, 2016. The number of HSAs could be even larger, as it has been estimated that 7.3 million HSA-eligible health plan enrollees had not opened an HSA.

Enrollment in HSA-eligible health plans is expected to continue to grow. According to Mercer’s survey of employers, 25 percent of employers with 10–499 employees and 61 percent of employers with 500 or more employees offered an HSA-eligible health plan or HRA in 2016 (Figure 2). By 2019, 34 percent of employers with 10–499 employees and 72 percent of employers with 500 or more employees said they were very likely to offer such a health plan.

While there is growing literature around how individuals in HSA-eligible health plans use and pay for medical services, there are very few sources of data on the HSAs themselves and the owners of such accounts. The most recent report by America’s Health Insurance Plans (AHIP) includes data on account balances, contributions, distributions, and account owner demographics based on 2012 data. Also, Devenir reports limited, aggregate trend data going back to 2006 from a survey of HSA providers. The EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey (CEHCS), conducted annually since 2005, collects self-reported demographic information on enrollees in HSA-eligible health plans and on their HSA balances, contributions, and distributions.

In light of existing data limitations, EBRI created the EBRI HSA Database to collect a large, representative repository of administrative information from record-keepers about HSAs and account owners.

This Issue Brief is the first longitudinal study to examine trends in cross-sectional data from the EBRI HSA Database. It examines account balances, individual and employer contributions, distributions, investments and account-owner demographics from 2011–2016.

About the EBRI HSA Database
The EBRI HSA Database is a representative repository of information about individual HSAs. The 2016 data covers 27 percent of the universe of HSAs and 31 percent of HSA assets. The database is unique because it includes data provided by a wide variety of account record-keepers and, therefore, represents the characteristics and activity of a broad range of HSA owners.
Figure 1
Statutory HSA Limits, 2004–2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$1,000</td>
<td>$2,000</td>
<td>$2,600</td>
<td>$5,150</td>
<td>$5,000</td>
<td>$10,000</td>
<td>$500</td>
</tr>
<tr>
<td>2005</td>
<td>$1,000</td>
<td>$2,000</td>
<td>$2,600</td>
<td>$5,150</td>
<td>$5,000</td>
<td>$10,000</td>
<td>$600</td>
</tr>
<tr>
<td>2006</td>
<td>$1,050</td>
<td>$2,100</td>
<td>$2,700</td>
<td>$5,450</td>
<td>$5,250</td>
<td>$10,500</td>
<td>$700</td>
</tr>
<tr>
<td>2007</td>
<td>$1,100</td>
<td>$2,200</td>
<td>$2,850</td>
<td>$5,650</td>
<td>$5,500</td>
<td>$11,000</td>
<td>$800</td>
</tr>
<tr>
<td>2008</td>
<td>$1,100</td>
<td>$2,200</td>
<td>$2,900</td>
<td>$5,800</td>
<td>$5,600</td>
<td>$11,200</td>
<td>$900</td>
</tr>
<tr>
<td>2009</td>
<td>$1,150</td>
<td>$2,300</td>
<td>$3,000</td>
<td>$5,950</td>
<td>$5,800</td>
<td>$11,600</td>
<td>$1,000</td>
</tr>
<tr>
<td>2010</td>
<td>$1,200</td>
<td>$2,400</td>
<td>$3,050</td>
<td>$6,150</td>
<td>$5,950</td>
<td>$11,900</td>
<td>$1,000</td>
</tr>
<tr>
<td>2011</td>
<td>$1,200</td>
<td>$2,400</td>
<td>$3,050</td>
<td>$6,150</td>
<td>$5,950</td>
<td>$11,900</td>
<td>$1,000</td>
</tr>
<tr>
<td>2012</td>
<td>$1,200</td>
<td>$2,400</td>
<td>$3,100</td>
<td>$6,250</td>
<td>$6,050</td>
<td>$12,100</td>
<td>$1,000</td>
</tr>
<tr>
<td>2013</td>
<td>$1,250</td>
<td>$2,500</td>
<td>$3,250</td>
<td>$6,450</td>
<td>$6,250</td>
<td>$12,500</td>
<td>$1,000</td>
</tr>
<tr>
<td>2014</td>
<td>$1,250</td>
<td>$2,500</td>
<td>$3,300</td>
<td>$6,550</td>
<td>$6,350</td>
<td>$12,700</td>
<td>$1,000</td>
</tr>
<tr>
<td>2015</td>
<td>$1,300</td>
<td>$2,600</td>
<td>$3,350</td>
<td>$6,650</td>
<td>$6,450</td>
<td>$12,900</td>
<td>$1,000</td>
</tr>
<tr>
<td>2016</td>
<td>$1,300</td>
<td>$2,600</td>
<td>$3,400</td>
<td>$6,750</td>
<td>$6,550</td>
<td>$13,100</td>
<td>$1,000</td>
</tr>
<tr>
<td>2017</td>
<td>$1,300</td>
<td>$2,600</td>
<td>$3,400</td>
<td>$6,750</td>
<td>$6,550</td>
<td>$13,100</td>
<td>$1,000</td>
</tr>
</tbody>
</table>


Figure 2

Source: Figure 6 in http://www.mercer.com/newsroom/national-survey-of-employer-sponsored-health-plans-2016.html
As of Dec. 31, 2016, the EBRI Database includes:

- 5.5 million health savings accounts.
- $11.4 billion in assets.

Since 2011, the database has grown from 800,000 to 5.5 million accounts, and assets have grown from $1.5 billion to $11.4 billion (Figure 3). Most HSAs in the EBRI HSA Database were initially opened within the past few years. Overall, 77 percent of the accounts were opened between 2013 and 2016 (Figure 4).

Nearly two-thirds (64 percent) of the 5.5 million HSAs received individual or employer contributions in 2016, while 36 percent did not receive any contributions. The EBRI HSA Database does not include health plan coverage data, but one of the possible explanations for the inclusion of non-contributors is that some of those individuals are not currently enrolled in an HSA-eligible health plan. The remainder of this Issue Brief focuses on 3.5 million HSAs in the EBRI Database that had either an individual or employer contribution.

**Trends in HSA Balances**

End-of-year balances have been trending upward (with the exception of the dip between 2013 and 2014). Between 2011 and 2016, end-of-year account balances increased from $1,990 to $2,536 (Figure 5).

Account balances are highly correlated with the length of time an account has been open. The longer an account has been open, the larger the account balance. Accounts opened in 2016 ended the year with an average balance of $1,027, while those opened in 2010 ended 2016 with an average balance of $4,970, and those opened in 2004 (or earlier) ended 2016 with an average balance of $14,873 (Figure 6).

When examining end-of-year balances by age, balances for all age groups experienced increases, except for balances of those under age 25. While account balances generally have increased with age, those ages 25–34 have seen their average balances increase from $1,092 to $1,430, a 31 percent increase, while those ages 45–54 saw their average balances increase from $2,336 to $2,888, a 24 percent increase (Figure 7). Account owners ages 65 and older have experienced the largest increase in average balances, increasing from $2,599 in 2011 to $4,424 in 2016, a 70 percent increase, but also appear to have had the most variability in their balances. This may have had something to do with the fact that once they were eligible for Medicare, they were no longer able to contribute to their account, and they may have been more likely to be taking distributions as a result of their use of health care services and because the excise tax related to non-qualified distributions no longer applied.

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 county-level data on median household income, as well as education and race data by county. It was found that in all years the account owners in higher-income counties had higher average account balances than those in lower-income counties. Otherwise, account balances increased very little (a 7 percent increase) between 2011 and 2016 among owners in counties where the median household income was less than $50,000, compared with an increase of 33 percent for those in counties with $50,000–$99,999 in median household income and an increase of 26 percent for those in counties with $100,000 or more in median household income.

When examining differences by account-owner education level, education matters. In all years, account owners in counties where 50 percent or more of adults have a college education had higher account balances than account owners in counties with fewer adults who have a college education. There was no relationship between the percentage of minorities in a county and account balances.

**Trends in Contributions to HSAs**

The percentage of individuals making a contribution trended slightly downward between 2011 and 2015 and then increased in 2016. The percentage with employer contributions has trended up. In 2011, 53 percent of account holders made a contribution to their account, but by 2015 only 45 percent did (Figure 8). Between 2015 and 2016 individual
Figure 3

Source: EBRI HSA Database.

Figure 4
HSAs, by Year Account was Opened

Source: EBRI HSA Database.
Figure 5
Average End-of-year Account Balance, by Year, 2011–2016

Figure 6
Average End-of-year Account Balance, by Year Account was Opened, 2016

Source: EBRI HSA Database.
contributions increased to 48 percent. The percentage of accounts with an employer contribution increased from 41 percent to 49 percent between 2011 and 2016.

For both individual and employer contributions, among those with such contributions, contribution levels have been increasing (with the exception of between 2013 and 2014). Average annual individual contributions have increased from $1,475 in 2011 to $1,987 in 2016, while average annual employer contributions have increased from $873 to $935 (Figure 9). As a result, total contributions have increased from $2,348 to $2,922 between 2011 and 2016 (Figure 10).

Contributions in 2016 were higher the longer an account owner had an account. This was more true for individual contributions than for employer contributions. Individual contributions averaged $3,658 among those who opened their account in 2005, but only averaged $1,290 among those who opened their account in 2016 (Figure 11). Similarly, in 2016, employer contributions averaged $1,101 in accounts opened in 2005, but only averaged $691 in accounts opened in 2016.

Regardless of year, individual contributions increased with age. In 2016, account owners 25–34 contributed $1,164 on average, while those ages 55–64 contributed $2,676 on average (Figure 12). Employer contributions also increased with age, though the differences were less pronounced than for individual contributions, and the differences were limited to those below and above age 35.

Similarly, in all years, individual contributions were higher among account owners residing in counties with higher median household income. Employer contributions also increased with median household income by county, which may have reflected higher overall compensation in higher-income areas of the country. Individual and employer contributions increased with educational levels by county, but did not seem to vary by the county-wide racial mix.

## Trends in Distributions from HSAs

Until 2016, there had been a decline in the percentage of accounts taking a distribution. In 2015, 53 percent of accounts had a distribution, down from 61 percent in 2011, but between 2015 and 2016, the percentage of accounts with a distribution increased from 53 percent to 63 percent (Figure 13). Among those with a distribution, the average annual amount distributed has varied between $1,700 and $1,800 between 2011 and 2016, with 2013 being an exception at $1,934 (Figure 14).
Figure 8
Percentage of Accounts With an Individual and Employer Contributions to HSAs, by Year, 2011–2016

Source: EBRI HSA Database.

Figure 9
Annual Average Individual and Employer Contributions to HSAs, 2011–2016

Source: EBRI HSA Database.
Figure 10
Annual Average Total Contributions to HSAs, 2011–2016

Source: EBRI HSA Database.

Figure 11
Annual Average Individual and Employer Contributions to HSAs, by Year Account was Opened, 2016

Source: EBRI HSA Database.
### Average Annual Individual and Employer Contributions, by Account-owner Demographics, 2011–2016

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Less than $50,000</th>
<th>$50,000–$99,999</th>
<th>$100,000 or more</th>
<th>Percent With a College Degree in County</th>
<th>Percent Minority in County</th>
</tr>
</thead>
<tbody>
<tr>
<td>25–34</td>
<td>$673</td>
<td>$625</td>
<td>$671</td>
<td>1.742</td>
<td>1.612</td>
</tr>
<tr>
<td>35–44</td>
<td>$1,095</td>
<td>1,064</td>
<td>1,082</td>
<td>2,082</td>
<td>1,896</td>
</tr>
<tr>
<td>45–54</td>
<td>$1,786</td>
<td>1,733</td>
<td>1,760</td>
<td>3,020</td>
<td>2,839</td>
</tr>
<tr>
<td>55–64</td>
<td>$2,628</td>
<td>2,470</td>
<td>2,653</td>
<td>4,053</td>
<td>3,777</td>
</tr>
<tr>
<td>65+</td>
<td>2,528</td>
<td>2,369</td>
<td>2,560</td>
<td>5,020</td>
<td>4,333</td>
</tr>
<tr>
<td>Less than 30%</td>
<td>1,723</td>
<td>1,678</td>
<td>1,760</td>
<td>2,025</td>
<td>1,896</td>
</tr>
<tr>
<td>30%–49%</td>
<td>$1,723</td>
<td>1,678</td>
<td>1,760</td>
<td>2,042</td>
<td>1,896</td>
</tr>
<tr>
<td>50% or more</td>
<td>1,723</td>
<td>1,678</td>
<td>1,760</td>
<td>2,042</td>
<td>1,896</td>
</tr>
</tbody>
</table>

Source: EBRI HSA Database.
In 2016, distributions were higher in accounts that had been open the longest. Those opened in 2005 had an average annual distribution of $2,756, while those opened in 2016 took $1,051 in distributions (Figure 15). The higher distributions associated with older accounts may suggest that individuals have been actively building up their account balances over time, and, as major health expenses have been incurred, account owners have been able to then take larger distributions. This is also supported by the fact that older accounts were more likely than younger ones to take a distribution. About 90 percent of the accounts opened before 2013 had a distribution, whereas only 57 percent of accounts opened in 2016 had a distribution (Figure 16).

Distributions increased with account owner age in each year. They ranged from $1,126 in 2016 for those 25–34 to $2,165 for those 55–64 (Figure 17). Distributions also increased with income and education, but they did not vary by race. Higher-income accounts were slightly less likely to take a distribution (61 percent) than lower-income accounts (63 percent) in 2016 (data not shown in figure).

**Trends in Investing HSA Assets**

Very few account owners invest their HSA balance in investments other than cash. The percentage of accounts with investments may be low for a number of reasons. First, in order to invest, account owners often must have a minimum account balance. As reported above, most accounts are new, and therefore, many will not have a large enough account balance to take advantage of investments. Second, not all HSA providers offer investments other than cash. Third, account owners may not be aware of the option to invest. Fourth, account owners may be using the account only to pay for out-of-pocket expenses and therefore may not want to take short-run risks with investment fluctuations.

In 2016, 4 percent of accounts had investments other than cash, up from 2 percent in 2011 (Figure 18). However, the longer an account had been open, the more likely it was to have investments other than cash. Only 1 percent of accounts opened in 2016 had investments other than cash, compared with 11 percent in accounts opened in 2005 (Figure 19).

Because the percentage of account owners investing HSA balances in something other than cash is generally small, any differences by age, income, education and race are also small. However, there are some notable differences. Older account owners are more likely than younger ones to have non-cash investments (Figure 20). Account owners in higher-income counties are more likely than those in lower-income counties to invest, and those in more highly educated counties are more likely than those in lower-educated counties to invest.

**Conclusion**

This study examines data from the EBRI HSA Database. It is the first longitudinal study to examine trends in cross-sectional data from the EBRI HSA Database. It examines account balances, individual and employer contributions, distributions, investments and account-owner demographics from 2011–2016.

In 2016, enrollment in these HSA-eligible health plans was estimated to be between 20.2 and 23.6 million policyholders and their dependents. It was estimated that there were about 20 million HSAs holding $37 billion in assets as of Dec. 31, 2016.

The number of employers expected to offer an HSA-eligible health plan either as an option or as the only health plan option is expected to continue to increase both in the absence of public policy changes and possibly because Congress is interested in expanding HSAs. As a result, HSA-eligible health plans and HSAs are expected to grow as a vital component of employment-based health coverage in the United States.

Plan sponsors that wish to introduce or retain HSA-eligible health plans as part of their workplace benefit program can use past trends to inform future strategies. For instance, as individuals become more familiar with HSAs, they are using the accounts more as designed. Specifically, account balances are growing over time, enabling longtime account holders to withdraw larger sums when unexpected major health expenses occur. Plan sponsors that value employee financial wellness can work with administrators and advisors to take a long-term view of HSA account balance growth.
Figure 13
Percentage of Accounts With a Distribution from HSAs, by Year, 2011–2016

Source: EBRI HSA Database.

Figure 14
Annual Average Distributions from HSAs, 2011–2016

Source: EBRI HSA Database.
Figure 15
Annual Average Distributions from HSAs,
by Year Account was Opened, 2016

Source: EBRI HSA Database.

Figure 16
Percentage of Accounts With Distributions from HSAs,
by Year Account was Opened, 2016

Source: EBRI HSA Database.
### Figure 17
**Average Annual Distributions, by Account-owner Demographics, 2011–2016**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;25</td>
<td>$637</td>
<td>$643</td>
<td>$671</td>
<td>$596</td>
<td>$588</td>
<td>$550</td>
</tr>
<tr>
<td>25–34</td>
<td>1,148</td>
<td>1,178</td>
<td>1,277</td>
<td>1,165</td>
<td>1,155</td>
<td>1,126</td>
</tr>
<tr>
<td>35–44</td>
<td>1,772</td>
<td>1,806</td>
<td>2,011</td>
<td>1,857</td>
<td>1,856</td>
<td>1,825</td>
</tr>
<tr>
<td>45–54</td>
<td>1,989</td>
<td>2,052</td>
<td>2,239</td>
<td>2,086</td>
<td>2,091</td>
<td>2,097</td>
</tr>
<tr>
<td>55–64</td>
<td>2,085</td>
<td>2,157</td>
<td>2,316</td>
<td>2,176</td>
<td>2,135</td>
<td>2,165</td>
</tr>
<tr>
<td>65+</td>
<td>1,819</td>
<td>1,861</td>
<td>1,969</td>
<td>1,914</td>
<td>1,801</td>
<td>1,772</td>
</tr>
</tbody>
</table>

**Median Household Income in County**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $50,000</td>
<td>1,776</td>
<td>1,805</td>
<td>1,906</td>
<td>1,690</td>
<td>1,577</td>
<td>1,570</td>
</tr>
<tr>
<td>$50,000–$99,999</td>
<td>1,678</td>
<td>1,741</td>
<td>1,948</td>
<td>1,844</td>
<td>1,840</td>
<td>1,841</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>1,975</td>
<td>1,911</td>
<td>2,134</td>
<td>2,041</td>
<td>2,098</td>
<td>2,028</td>
</tr>
</tbody>
</table>

**Percent With a College Degree in County**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30%</td>
<td>1,751</td>
<td>1,789</td>
<td>1,900</td>
<td>1,723</td>
<td>1,652</td>
<td>1,647</td>
</tr>
<tr>
<td>30%–49%</td>
<td>1,668</td>
<td>1,730</td>
<td>1,969</td>
<td>1,857</td>
<td>1,856</td>
<td>1,881</td>
</tr>
<tr>
<td>50% or more</td>
<td>1,945</td>
<td>1,928</td>
<td>1,988</td>
<td>1,949</td>
<td>1,947</td>
<td>1,918</td>
</tr>
</tbody>
</table>

**Percent Minority in County**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 15%</td>
<td>1,668</td>
<td>1,785</td>
<td>1,925</td>
<td>1,816</td>
<td>1,838</td>
<td>1,829</td>
</tr>
<tr>
<td>15%–29%</td>
<td>1,624</td>
<td>1,690</td>
<td>1,870</td>
<td>1,767</td>
<td>1,767</td>
<td>1,809</td>
</tr>
<tr>
<td>30% or more</td>
<td>1,825</td>
<td>1,812</td>
<td>1,966</td>
<td>1,806</td>
<td>1,719</td>
<td>1,686</td>
</tr>
</tbody>
</table>

Source: EBRI HSA Database.

### Figure 18
**Presence of Investments Other Than Cash, 2011–2016**

![Graph showing the presence of investments other than cash from 2011 to 2016.](image-url)

Source: EBRI HSA Database.
Figure 19
Presence of Investments Other Than Cash, by Year Account was Opened, 2016

Source: EBRI HSA Database.

Figure 20
Percent With Investments Other Than Cash, by Account-owner Demographics, 2011–2016

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;25</td>
<td>0%</td>
<td>1%</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>25–34</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>35–44</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>45–54</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
<td>6%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>55–64</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>7%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>65+</td>
<td>2%</td>
<td>2%</td>
<td>4%</td>
<td>8%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $50,000</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>$50,000–$99,999</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>$100,000 or more</td>
<td>3%</td>
<td>5%</td>
<td>6%</td>
<td>9%</td>
<td>7%</td>
<td>7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percent With a College Degree in County</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 30%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>30%–49%</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>50% or more</td>
<td>3%</td>
<td>4%</td>
<td>6%</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 15%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>15%–29%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>5%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>30% or more</td>
<td>2%</td>
<td>3%</td>
<td>4%</td>
<td>6%</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

Source: EBRI HSA Database.
Appendix—What is an HSA?

A health savings account (HSA) 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. An employee’s contributions to the account are deductible from taxable income, an employer’s contributions to the account for an employee 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 (see below). Any interest or other capital earnings on assets in the account build up tax-free. Finally, HSAs are always funded, unlike similar types of health accounts known as health reimbursement arrangements (HRAs) and flexible spending accounts (FSAs), which can be and are typically set up as unfunded, notional arrangements.

Eligibility

An individual who is covered by an HSA-eligible health plan may (but is not required to) open and make contributions to an HSA. To be an HSA-eligible health plan for 2017, the plan must have an annual deductible of at least $1,300 for individual coverage and $2,600 for family coverage, and the plan’s out-of-pocket maximum may not exceed $6,550 for individual coverage or $13,100 for family coverage with the deductible counting toward this limit. (These minimum allowable deductibles and maximum out-of-pocket limits are indexed to inflation.) Certain primary preventive services—typically those deemed to prevent the onset of disease—can be and often are exempt from the deductible and covered in full. (These preventive services are in addition to those preventive services that the Patient Protection and Affordable Care Act of 2010 (ACA) requires be covered in full.) Otherwise, all health care services must be subject to the HSA’s deductible.

Additional HSA contribution requirements are that (1) an individual may not be enrolled in other health coverage, such as a spouse’s plan, unless that plan is also an HSA-eligible health plan, (2) an individual may not be claimed as a dependent on another person’s tax return, and (3) an individual may not be enrolled in Medicare. Notwithstanding these requirements, an individual is not precluded from making HSA contributions merely because he or she has supplemental coverage with deductibles below the statutory HSA-eligible health plan minimum for such things as vision care, dental care, certain specific diseases, and/or insurance that pays a fixed amount per day (or other stipulated period) for hospitalization.

Contributions

Individuals and employers are allowed to contribute to HSAs. As noted above, contributions are excluded from gross income if the employer makes them, and deductible from taxable income if the individual account owner makes them.

For 2017, a worker with individual coverage is allowed to make an annual HSA contribution of $3,400, while a worker with family coverage can contribute as much as $6,750. These dollar limits are indexed for inflation. Additionally, individuals who have reached age 55 and are not yet enrolled in Medicare may make an additional $1,000 catch-up contribution. The catch-up contribution is not currently indexed to inflation.

If an employer does make contributions to an HSA, the contributions must be the same dollar amount or the same percentage of the deductible for all employees.\(^{14}\)

Investments

HSAs can be invested in the same investment options that have been approved for individual retirement accounts (IRAs)—i.e., bank accounts, certificates of deposit (CDs), money market funds, stocks, bonds, and mutual funds. Many HSA custodians, however, require that an HSA have at least a minimum balance in order to invest HSA funds in options beyond cash or cash equivalents. And some HSA custodians do not offer investment options beyond cash. If an HSA owner is able to invest HSA funds in options beyond cash, the owners are responsible for making the investment decisions.
Distributions
An individual may take distributions from an HSA at any time. The individual need not be covered by an HSA-eligible health plan at the same time the individual withdraws money from the HSA. Distributions are generally treated as taxable income, but they are excluded from an individual’s taxable income if they are used to pay for qualified medical expenses. Distributions for premiums for COBRA coverage, long-term-care insurance, health insurance while receiving unemployment compensation, and insurance while eligible for Medicare (other than for Medigap) are also tax free.

HSA distributions for nonqualified medical expenses are not excludable from gross income and, in addition to being taxable, are subject to a 20 percent penalty, which is waived if the HSA owner dies, becomes disabled, or is eligible for Medicare. Individuals are able to transfer funds from one HSA to another without subjecting the distribution to income and penalty taxes as long as the transfer occurs within 60 days of the date funds are received.

Archer Medical Savings Accounts
Prior to the availability of HSAs, Archer Medical Savings Accounts (MSAs) were authorized as a demonstration project under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Workers were eligible to set up an MSA if employed at a firm with 50 or fewer employees. The self-employed were also eligible. Both were required to be covered by a high-deductible health plan in order to be able to contribute to an MSA. When the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) created HSAs, existing MSAs were grandfathered, but as of Dec. 31, 2007, no new MSAs could be opened. However, individuals with MSAs are allowed to transfer those account balances to HSAs. Amounts that continue to be held in grandfathered MSAs can be distributed tax free for qualified medical expenses.

ERISA Compliance
Unlike HSA-eligible health plans offered by an employer, when employer involvement in an HSA is limited, the HSA is not subject to the Employee Retirement Income Security Act (ERISA). Thus, for example, HSAs are not subject to ERISA when the employer does not contribute to the HSA, or when the establishment of the HSA is completely voluntary on the part of the employee. In addition, the employer may not limit the ability of employees to move their HSA funds to another HSA, impose conditions on using the HSA funds, or make or influence investment decisions. There are other considerations for employers as well when offering an HSA.

References


“Quality of Health Care After Adopting a Full-Replacement, High-Deductible Health Plan With a Health Savings Account: A Five-Year Study.” *EBRI Issue Brief*, no. 404 (Employee Benefit Research Institute), September 2014.

Fronstin, Paul, Martin J. Sepulveda, and M. Christopher Roebuck. “Consumer-Directed Health Plans Reduce The Long-Term Use Of Outpatient Physician Visits And Prescription Drugs.” *Health Affairs* 32, no. 6, June 2013:1126–34.


Endnotes

1 Both employees and employers can contribute to an HSA. While employee contributions to the account are deductible from taxable income, employer contributions to the account for an employee are excludable from the employee’s gross income. See Figure 1 for historical statutory HSA limits.

2 More detailed information about HSAs can be found in the appendix.


4 See Fronstin and Elmlinger (2017).

5 See Figure 6 in https://www.mercer.com/newsroom/national-survey-of-employer-sponsored-health-plans-2016.html

6 See http://www.devenir.com/wp-content/uploads/2016-Year-End-Devenir-HSA-Market-Research-Report-Executive-Summary-1.pdf. The number of enrollees in HSA-eligible health plans differs from the number of HSAs for various reasons. The number of enrollees is composed of the policyholder and any covered dependents and generally is higher than the number of HSAs because one account is usually associated with a family. Hence, the number of individuals enrolled in an HSA-eligible health plan generally is higher than the number of accounts. However, over time, the number of accounts can grow relative to the number of enrollees because when an individual or family is no longer covered by an HSA-eligible health plan, they are allowed to keep the HSA open. Furthermore, individuals and families can have more than one account.

7 See Fronstin and Elmlinger (2017).

8 See the literature review in Bundorf (2012) as well as more recent research in Brot-Goldberg, et al. (2015), Fronstin and Roebuck (2013); Fronstin, Sepulveda and Roebuck (June 2013); Fronstin, Sepulveda and Roebuck (December 2013), and Fronstin and Roebuck (2014).


13 Several recordkeeping organizations have provided de-identified data on HSA owners as of year-end 2015. Records are de-identified prior to inclusion in the database to conceal the identity of account owners, but the data are coded so that account owners can be tracked over time, a unique aspect of the EBRI HSA Database. At no time has any nonpublic personal information that is personally identifiable, such as Social Security number, been transferred to or shared with EBRI. A unique aspect of the de-identified coding is that the EBRI HSA Database can link the accounts of each individual with more than one account in the database while still preventing the identification of the individual, thus permitting the aggregation of the HSA
balances of individuals with multiple accounts, within or across recordkeepers contributing to the database, providing a more complete picture of the number of individuals with accounts and their HSA balances. Moreover, the EBRI HSA Database contains information about the year of birth of account owners, individual and employer contributions, beginning- and end-of-year account balances, and the month and year the HSA was opened. A very small percentage (less than 0.5 percent) of accounts have an account-opening date prior to 2004. An HSA that was funded by amounts rolled over from an MSA was considered established on the date the MSA was established.

\(^{14}\) There are exceptions to the comparability rule. For instance, employers may make matching contributions that are conditional on a contribution by the employee if done through a cafeteria plan. Furthermore, employers may contribute more to the HSAs of non-highly compensated employees.

\(^{15}\) See https://www.dol.gov/ebsa/regs/fab_2004-1.html

\(^{16}\) See https://www.dol.gov/ebsa/regs/fab_2006-2.html
Where the world turns for the facts on U.S. employee benefits.

Retirement and health benefits are at the heart of workers’, employers’, and our nation’s economic security. Founded in 1978, EBRI is the most authoritative and objective source of information on these critical, complex issues.

EBRI focuses solely on employee benefits research — no lobbying or advocacy.

EBRI stands alone in employee benefits research as an independent, nonprofit, and nonpartisan organization. It analyzes and reports research data without spin or underlying agenda. All findings, whether on financial data, options, or trends, are revealing and reliable — the reason EBRI information is the gold standard for private analysts and decision makers, government policymakers, the media, and the public.

EBRI explores the breadth of employee benefits and related issues.

EBRI studies the world of health and retirement benefits — issues such as 401(k)s, IRAs, retirement income adequacy, consumer-driven benefits, Social Security, tax treatment of both retirement and health benefits, cost management, worker and employer attitudes, policy reform proposals, and pension assets and funding. There is widespread recognition that if employee benefits data exist, EBRI knows it.

EBRI delivers a steady stream of invaluable research and analysis.

- **EBRI publications** include in-depth coverage of key issues and trends; summaries of research findings and policy developments; timely factsheets on hot topics; regular updates on legislative and regulatory developments; comprehensive reference resources on benefit programs and workforce issues; and major surveys of public attitudes.
- **EBRI meetings** present and explore issues with thought leaders from all sectors.
- **EBRI regularly provides congressional testimony**, and briefs policymakers, member organizations, and the media on employer benefits.
- **EBRI issues press releases** on newsworthy developments, and is among the most widely quoted sources on employee benefits by all media.
- **EBRI directs members and other constituencies to the information they need and undertakes new research on an ongoing basis.**
- **EBRI maintains and analyzes the most comprehensive database of 401(k)-type programs in the world.** Its computer simulation analyses on Social Security reform and retirement income adequacy are unique.

EBRI makes information freely available to all.

EBRI assumes a public service responsibility to make its findings completely accessible at [www.ebri.org](http://www.ebri.org) — so that all decisions that relate to employee benefits, whether made in Congress or board rooms or families’ homes, are based on the highest quality, most dependable information. EBRI’s Web site posts all research findings, publications, and news alerts. EBRI also extends its education and public service role to improving Americans’ financial knowledge through its award-winning public service campaign [ChoosetoSave®](http://www.choosetosave.org) and the companion site [www.choosetosave.org](http://www.choosetosave.org)

EBRI is supported by organizations from all industries and sectors that appreciate the value of unbiased, reliable information on employee benefits. Visit [www.ebri.org/about/join/](http://www.ebri.org/about/join/) for more.
The Employee Benefit Research Institute (EBRI) was founded in 1978. Its mission is to contribute to, to encourage, and to enhance the development of sound employee benefit programs and sound public policy through objective research and education. EBRI is the only private, nonprofit, nonpartisan, Washington, DC-based organization committed exclusively to public policy research and education on economic security and employee benefit issues. EBRI’s membership includes a cross-section of pension funds; businesses; trade associations; labor unions; health care providers and insurers; government organizations; and service firms.

EBRI’s work advances knowledge and understanding of employee benefits and their importance to the nation’s economy among policymakers, the media, and the public. It does this by conducting and publishing policy research, analysis, and special reports on employee benefit issues; holding educational briefings for EBRI members, congressional and federal agency staff, and the news media; and sponsoring opinion surveys on employee benefit issues. EBRI’s Education and Research Fund (EBRI-ERF) performs the charitable, educational, and scientific functions of the Institute. EBRI-ERF is a tax-exempt organization supported by contributions and grants.

EBRI Issue Briefs is a serial with in-depth evaluation of employee benefit issues and trends, as well as critical analyses of employee benefit policies and proposals. EBRI Notes is serial providing current information on a variety of employee benefit topics. EBRIef is a weekly roundup of EBRI research and insights, as well as updates on surveys, studies, litigation, legislation and regulation affecting employee benefit plans. The EBRI Database on Employee Benefits is a statistical reference work on employee benefit programs and work force-related issues.

Contact EBRI Publications, (202) 659-0670; fax publication orders to (202) 775-6312. Subscriptions to EBRI Issue Briefs are included as part of EBRI membership, or as part of a $199 annual subscription to EBRI Notes and EBRI Issue Briefs. Change of Address: EBRI, 1100 13th St. NW, Suite 878, Washington, DC, 20005-4051, (202) 659-0670; fax number, (202) 775-6312; e-mail: subscriptions@ebri.org Membership Information: Inquiries regarding EBRI membership and/or contributions to EBRI-ERF should be directed to EBRI President Harry Conaway at the above address, (202) 659-0670; e-mail: conaway@ebri.org

Editorial Board: Harry Conaway, publisher; Stephen Blakely, editor. Any views expressed in this publication and those of the authors should not be ascribed to the officers, trustees, members, or other sponsors of the Employee Benefit Research Institute, the EBRI Education and Research Fund, or their staffs. Nothing herein is to be construed as an attempt to aid or hinder the adoption of any pending legislation, regulation, or interpretative rule, or as legal, accounting, actuarial, or other such professional advice. www.ebri.org

EBRI Issue Brief is registered in the U.S. Patent and Trademark Office. ISSN: 0887–137X/90 0887–137X/90 $.50+.50

© 2017, Employee Benefit Research Institute–Education and Research Fund. All rights reserved.