

Devenir Research

2018 Year-End HSA Market Statistics & Trends
Executive Summary

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Report Methodology

The majority of this report was derived from the 2018 Year-End Devenir HSA Market Survey. This survey was conducted to shed light on the rapidly growing and evolving health savings account market. The survey was carried out in January, 2019 and primarily consisted of top 100 HSA providers in the health savings account market. All data was requested for the period ending on December 31st, 2018.

All estimates and projections reflect the current environment surrounding health savings accounts and are barring any regulatory changes to the market. Certain data points from the survey were omitted from this report due to inconclusive data or an incomplete sample set. All statistics are produced using the best available data set, which may at times leave certain statistics unreconciled with others, both within this report and with previous reports.

Survey responses were self-reported by each HSA provider. Devenir attempts to verify responses when possible through a variety of channels including but not limited to press releases, annual reports, prior research, and FDIC filings.

Key Findings

HSA accounts exceed 25 million. The number of HSA accounts surpassed 25 million, holding \$53.8 billion in assets, a year-over-year increase of 13% for accounts and 19% for HSA assets for the period ended December 31st, 2018.

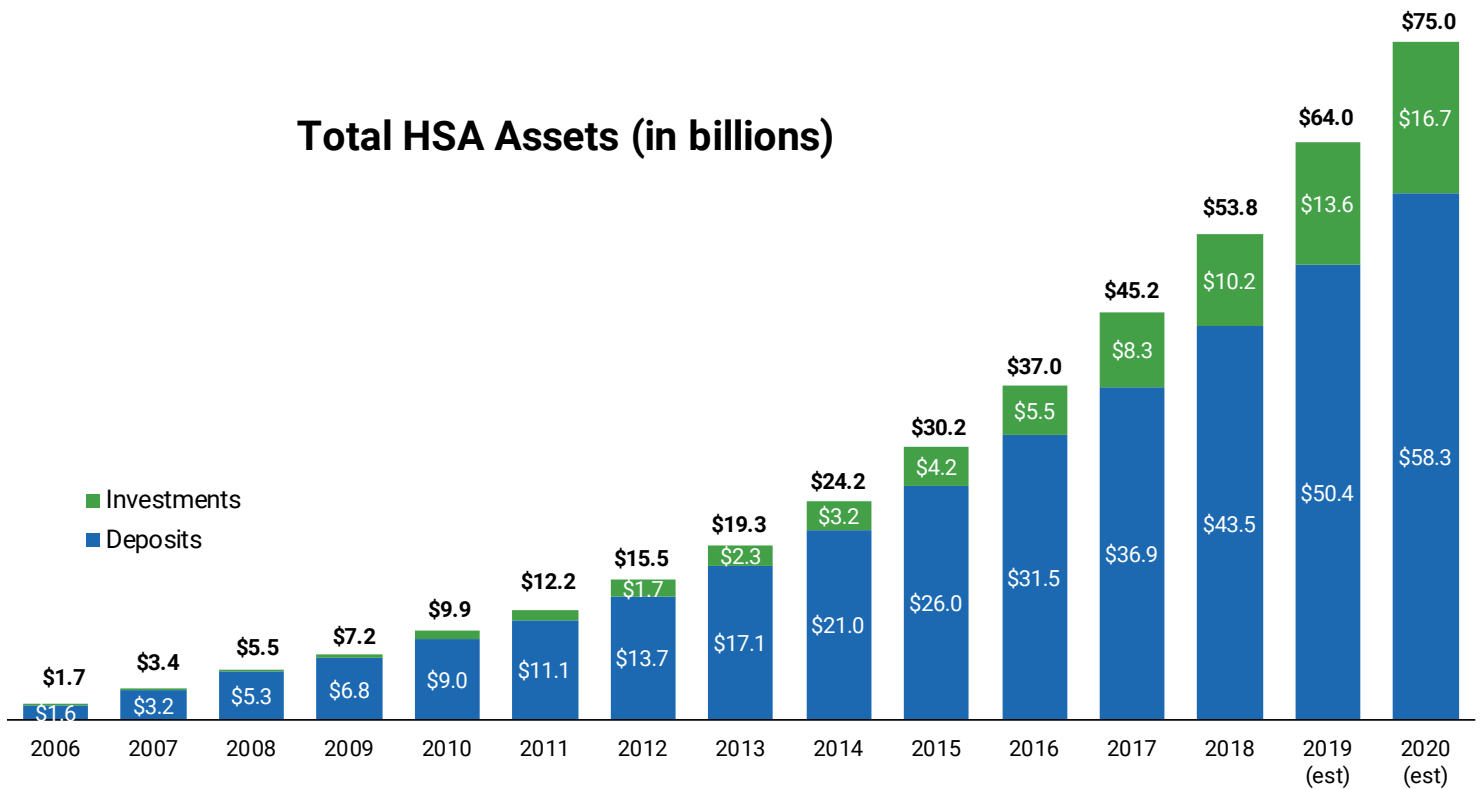
HSA investment assets surpass the \$10 billion mark. Despite strong market headwinds, HSA investment assets reached an estimated \$10.2 billion at the end of December, up 23% year-over-year. On average, investment account holders hold a \$14,617 total balance (deposit and investment account).

Fewer unfunded accounts. Less HSAs (16%) were unfunded at the end of 2018 compared to 20% at the same time in 2017.

HSA contributions jump. HSA account holders contributed almost \$33.7 billion to their accounts in 2018, up 22% from the year before.

Increase in employer contributions. For accounts receiving an employer contribution in 2018, the average contribution amount rose to \$839 (up from \$604 in 2017).

Total HSA Assets (in billions)

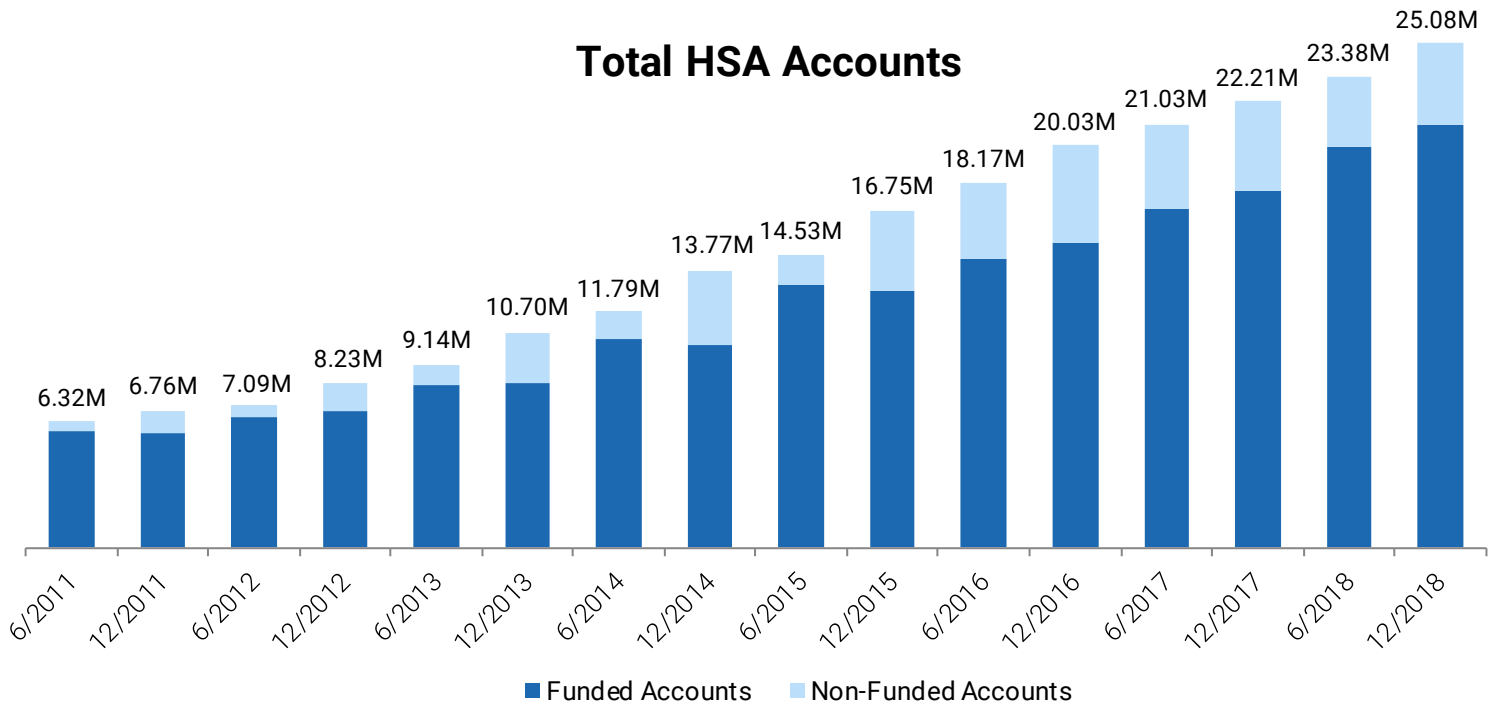


Source: Estimates derived from 2018 Year-End Devenir HSA Market Survey, press releases, previous market research and market growth rates.

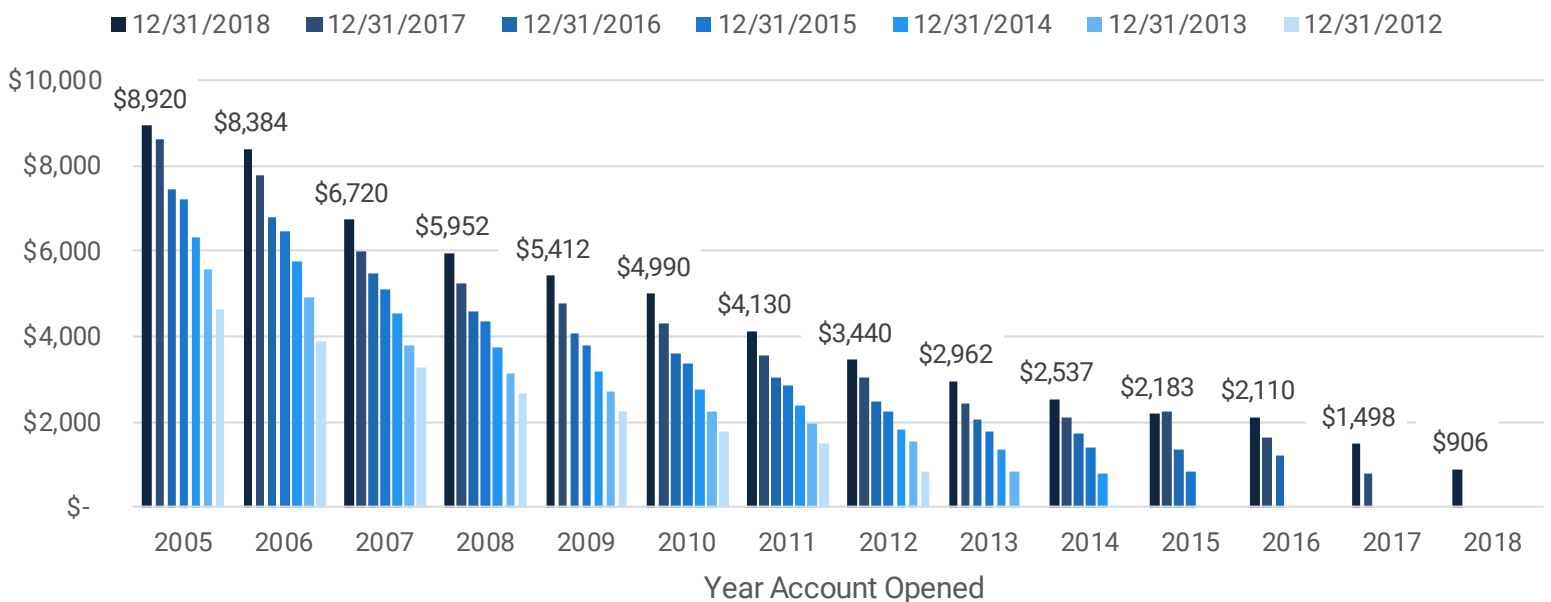
HSA Industry Level Account Data

We continue to see seasonality in the percentage of accounts that are unfunded. Accounts are often opened during the fall open enrollment season, but remain unfunded until early the following year. At the end of 2018, about 16% of all accounts were unfunded, down from almost 20% a year ago. The reduction in the percentage of unfunded accounts can be largely attributed to the continued up-tick in account closures.

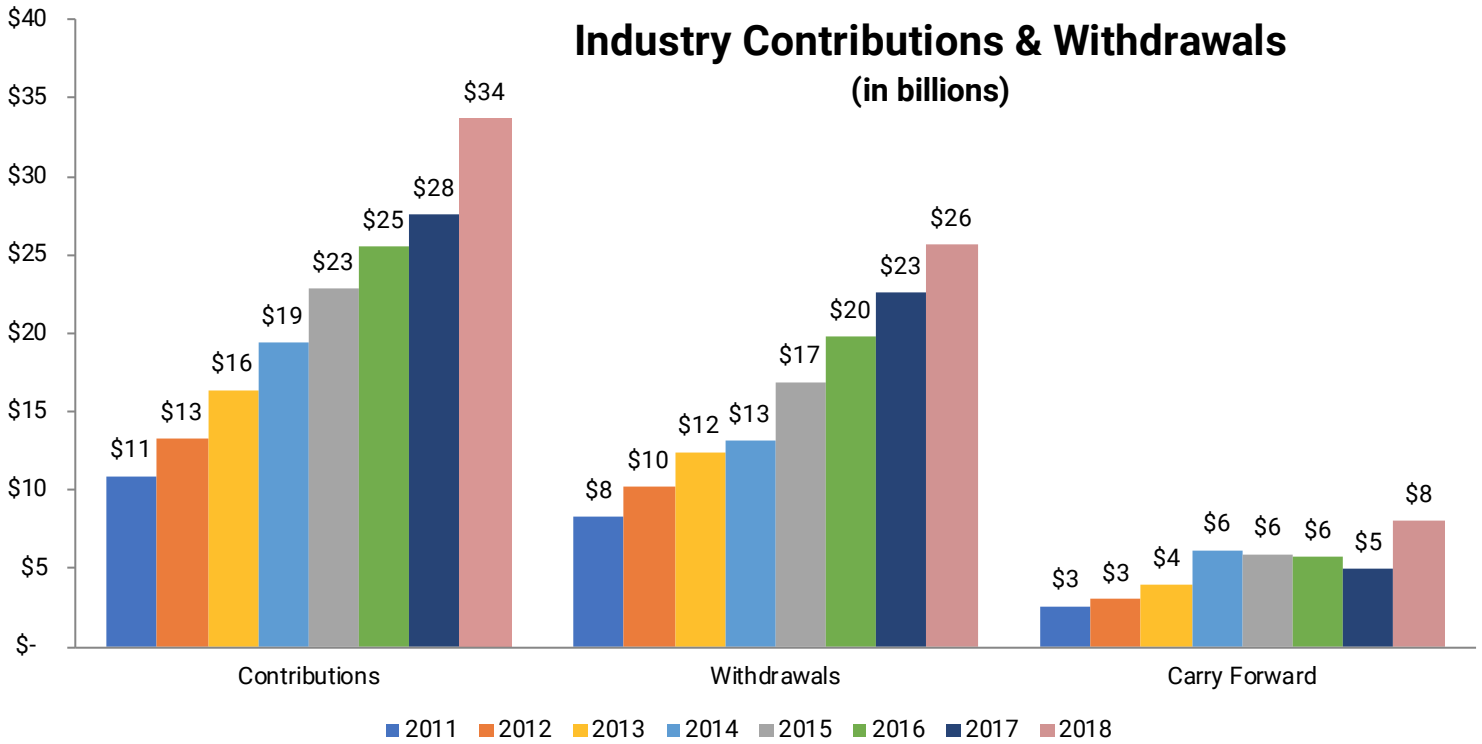
Total HSA Accounts



Average Balance By Year The Account Opened



Industry Contributions and Withdrawals



Below is an industry estimate of total contributions and withdrawals for the period 1/1/18 - 12/31/18.

2018 Activity	Contributions	Withdrawals	Retained Assets	% Retained
Estimated Industry Totals	\$33,656,000,000	\$25,624,000,000	\$8,032,000,000	24%

2018 Employer Contributions
26% of all HSA dollars contributed to an account came from an employer.
 The average employer contribution was **\$839** (for those making contributions).

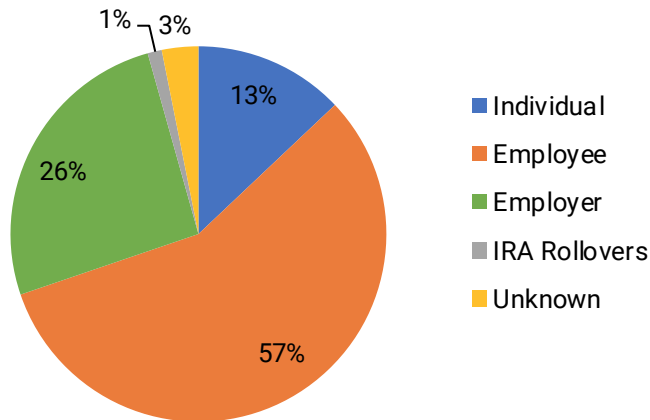
2018 Employee Contributions
57% of all HSA dollars contributed to an account came from an employee.
 The average employee contribution was **\$1,872** (for those making contributions).

2018 Individual Contributions
13% of all HSA dollars contributed to an account came from an individual account not associated with an employer.
 The average individual contribution was **\$1,723** (for those making contributions).

The remaining contributions in 2018 came from IRA Rollovers & other sources.

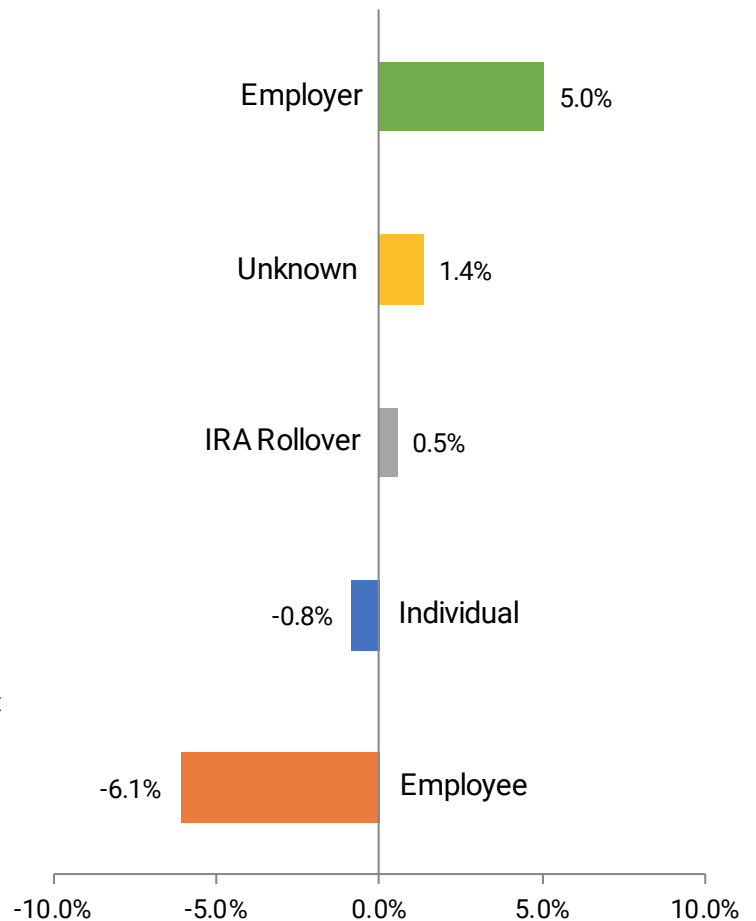
Industry Contributions and Withdrawals - Details

Contributions 2018 (\$)

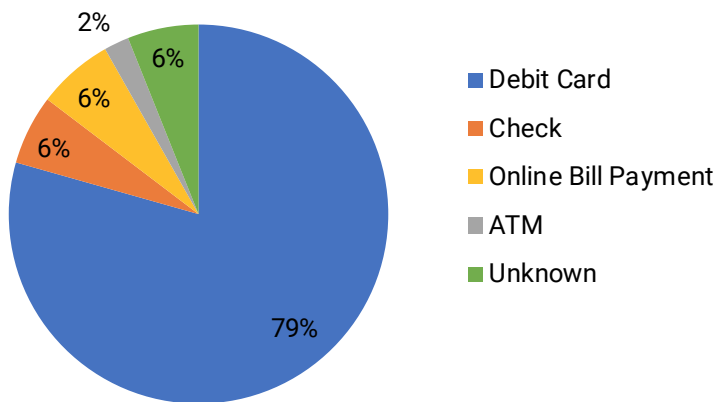


Contribution Sources

2018 vs. 2017



Withdrawals 2018 (\$)



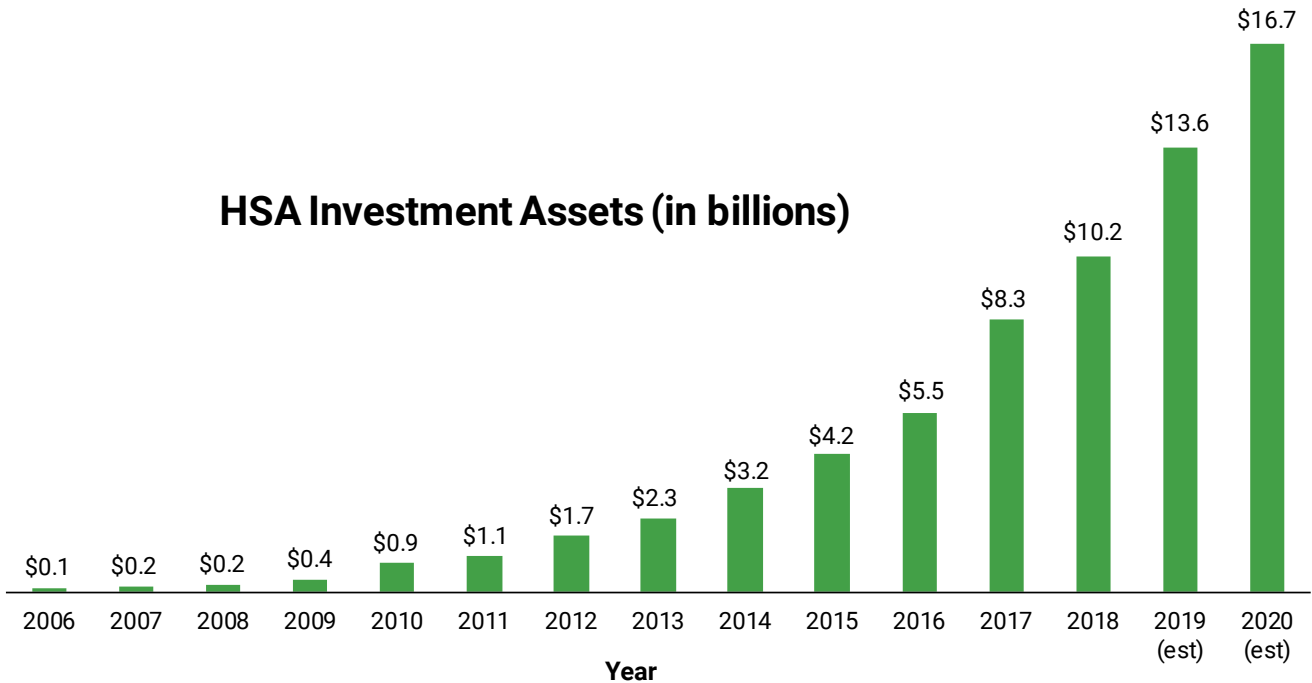
2018

	Average Number of Withdrawals Per Account	% Of Total Withdrawals (#)	Average Transaction Size
Debit Card	9.2	88%	\$104
Check	0.2	2%	\$322
Online Bill Pay	0.3	3%	\$260
ATM	0.9	4%	\$68
Unknown	0.5	3%	\$202

HSA Investments

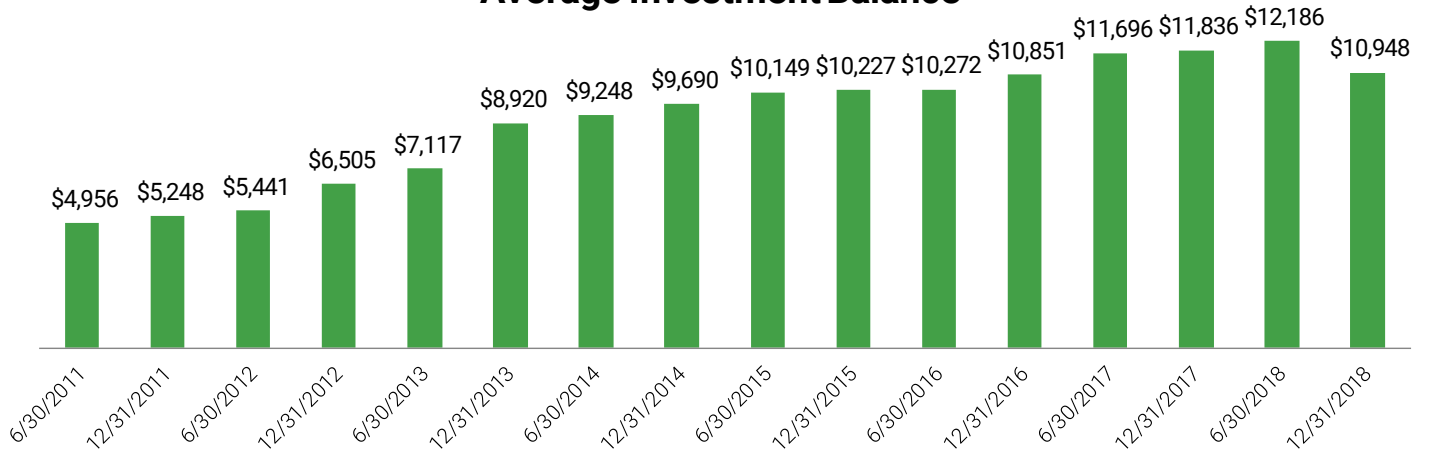
- **\$10.2 billion** estimated in HSA investment assets as of December 31st, 2018, an estimated 23% year-over-year increase.
- **\$14,617** average total balance (deposit and investment account) for HSA investment accounts, almost 9 times larger than a non-investment holder's average account balance.
- **19%** of all HSA assets are in investments as of December 31st, 2018.

HSA Investment Assets (in billions)



% HSA Assets in Investments

Average Investment Balance



Note: Average investment balance only, does not include an investor's deposit assets.

HSA Marketplace Projections

HSA providers project HSA industry asset growth of 16% in 2019, while anticipating their own businesses will grow by 23% during the same period. In previous surveys, HSA providers have been fairly accurate with their growth forecasts, demonstrating an impressive understanding of the outlook for their book of business. Devenir currently projects that the HSA market will approach \$75 billion in HSA assets by the end of 2020, held among roughly 30 million accounts.

2019 January HSA Supplement

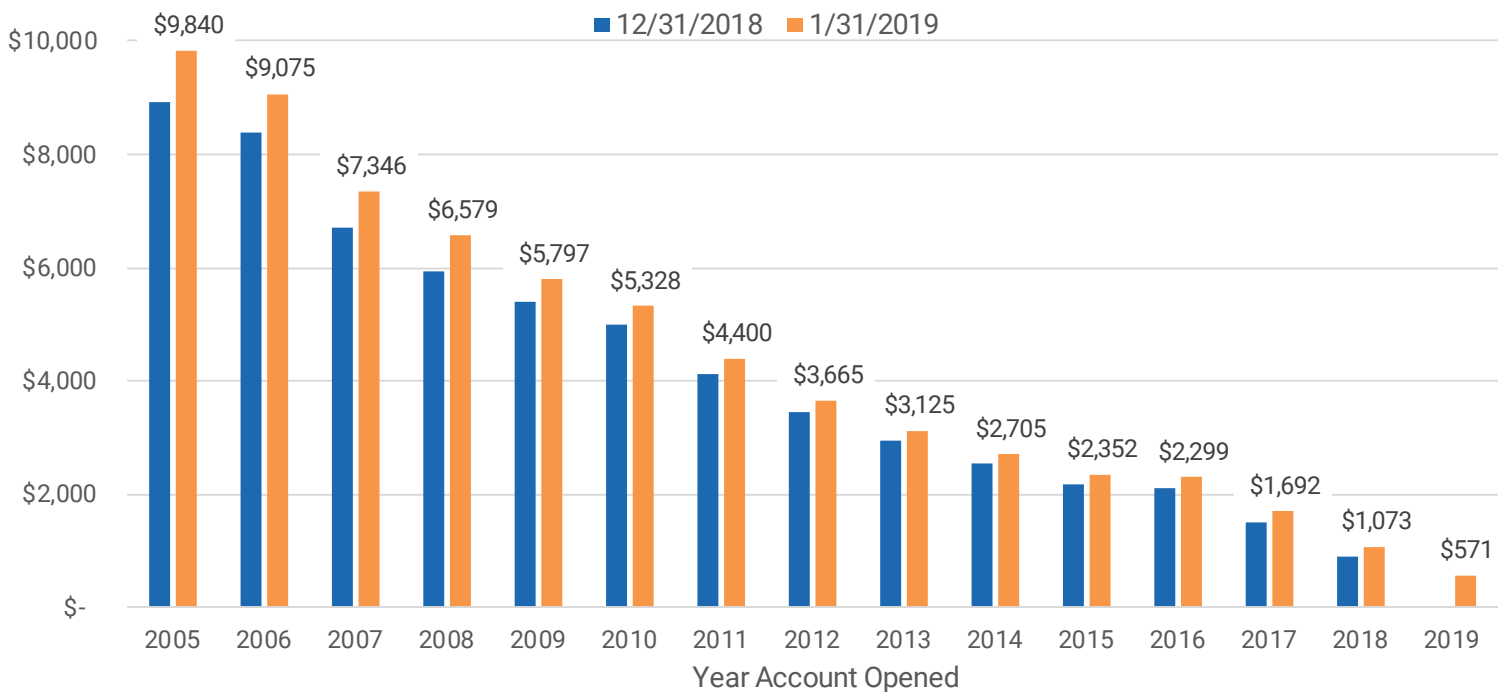
This section draws data primarily from the January 2019 Supplemental Survey. All year-end survey participants were invited to participate in the January 2019 supplement, with participation varying from small community banks and credit unions to the largest HSA providers.

HSA assets approach \$60 billion. HSA assets grew by over \$5.8 billion in January 2019 to reach \$59.6 billion, up 11% since the end of 2018. Accounts grew by almost 5%, with the total number of HSA accounts rising to an estimated 26.3 million.

Employers drive January growth. 38% of HSA accounts received an employer contribution in January. Employers contributed almost 60% of all HSA dollars to HSA accounts during the month of January, with an average contribution of \$515.

Fewer unfunded accounts. At the end of 2018, unfunded accounts represented about 16% of all accounts, but by the end of January 2019 that number was back down to about 13% of all accounts. This data point continues to reaffirm our belief that a significant portion of the non-funded accounts found during the year-end survey are attributed to accounts being opened during the fall enrollment season, but not being funded until early the following year.

Average Balance by Year the Account Opened



About Devenir

Devenir is a national leader in providing customized investment solutions for HSAs and the consumer directed health care market. When health savings accounts first emerged in 2004, Devenir built its expertise around delivering cutting-edge investment solutions. As the consumer driven health care industry grew, so did Devenir's reputation as a leading researcher and award-winning investment consultant. Today, Devenir continues to lead the way in the rapidly growing HSA market. A research driven perspective makes Devenir the go-to investment advisor, HSA investment platform and consultant to employers, banks, third party administrators, health plans and technology providers. Learn more at devenir.com.

Devenir Research as mentioned in:

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Thank you for your participation!

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