

Devenir Research

2020 Midyear HSA Market Statistics & Trends
Executive Summary

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Report Methodology

The majority of this report was derived from the 2020 Midyear 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 July 2020, and primarily consisted of top 100 providers in the health savings account market. All data was requested for the period ending on June 30th, 2020.

All estimates and projections reflect the current environment surrounding health savings accounts and do not contemplate any future 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 produce statistics which do not reconcile, both within this report and with previous reports.

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

Key Findings

HSA asset growth remains strong. Health savings account asset growth remained strong, increasing to \$73.5 billion in assets held in over 29 million accounts, a year-over-year increase of 19% for assets and 12% for health savings accounts for the period ended June 30th, 2020.

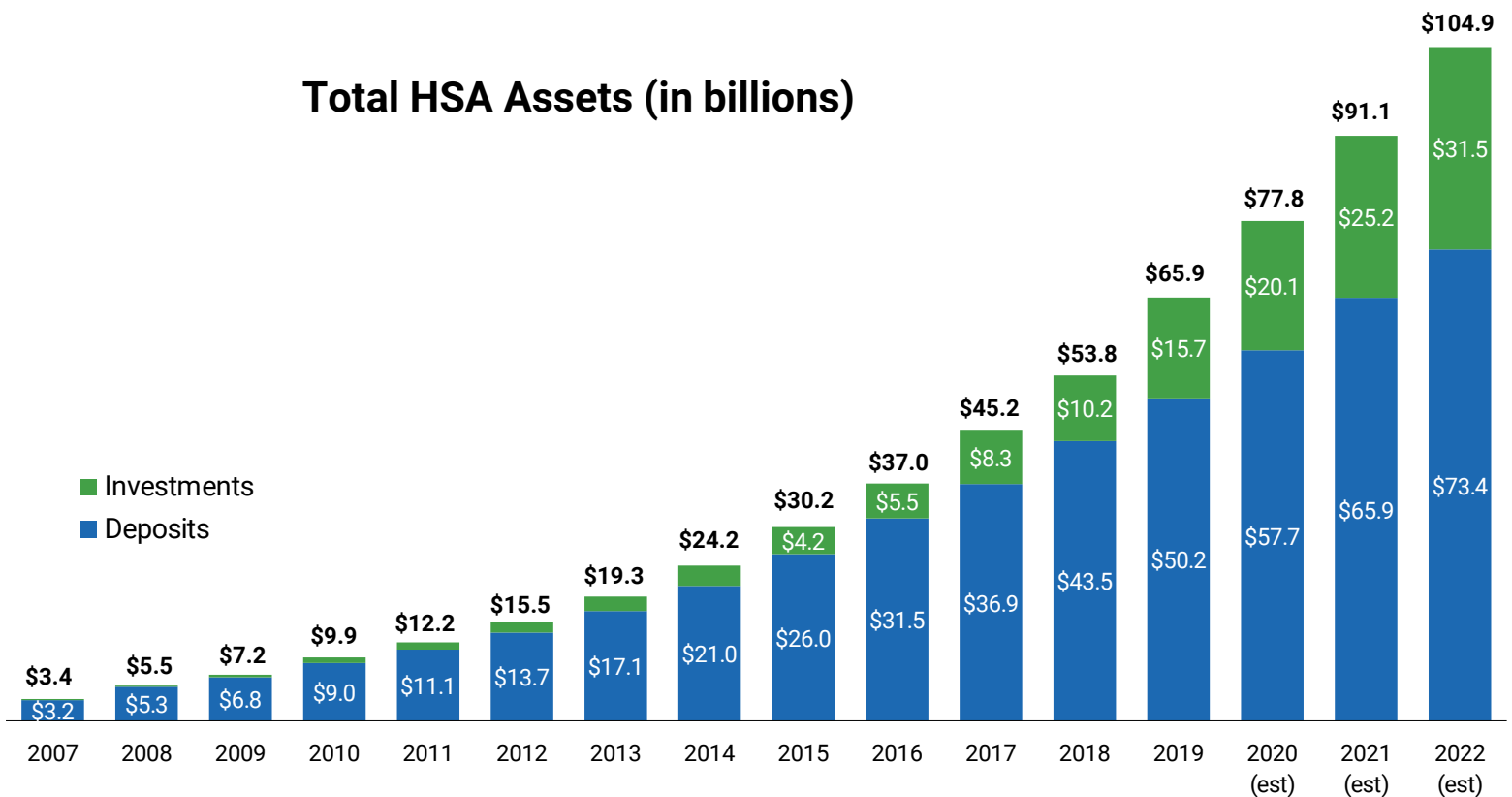
HSA investment asset growth continues. Despite a turbulent start to the first half of 2020, HSA investment assets increased to an estimated \$17.6 billion at the end of June, up 32% year-over-year. On average, investment account holders hold a \$15,445 total balance (deposits and investments combined).

HSA investing accelerates. There are now approximately 1.5 million accounts that are investing a portion of their HSA dollars, representing more than 5% of all accounts.

HSA contributions continue to rise. Account holders contributed almost \$24 billion to their accounts in the first half of 2020, up 7% from the year prior.

Health plan partnerships and employer relationships primary driver of new accounts. Health plan partnerships and direct employer relationships accounted for almost 76% of new accounts opened in the first half of 2020.

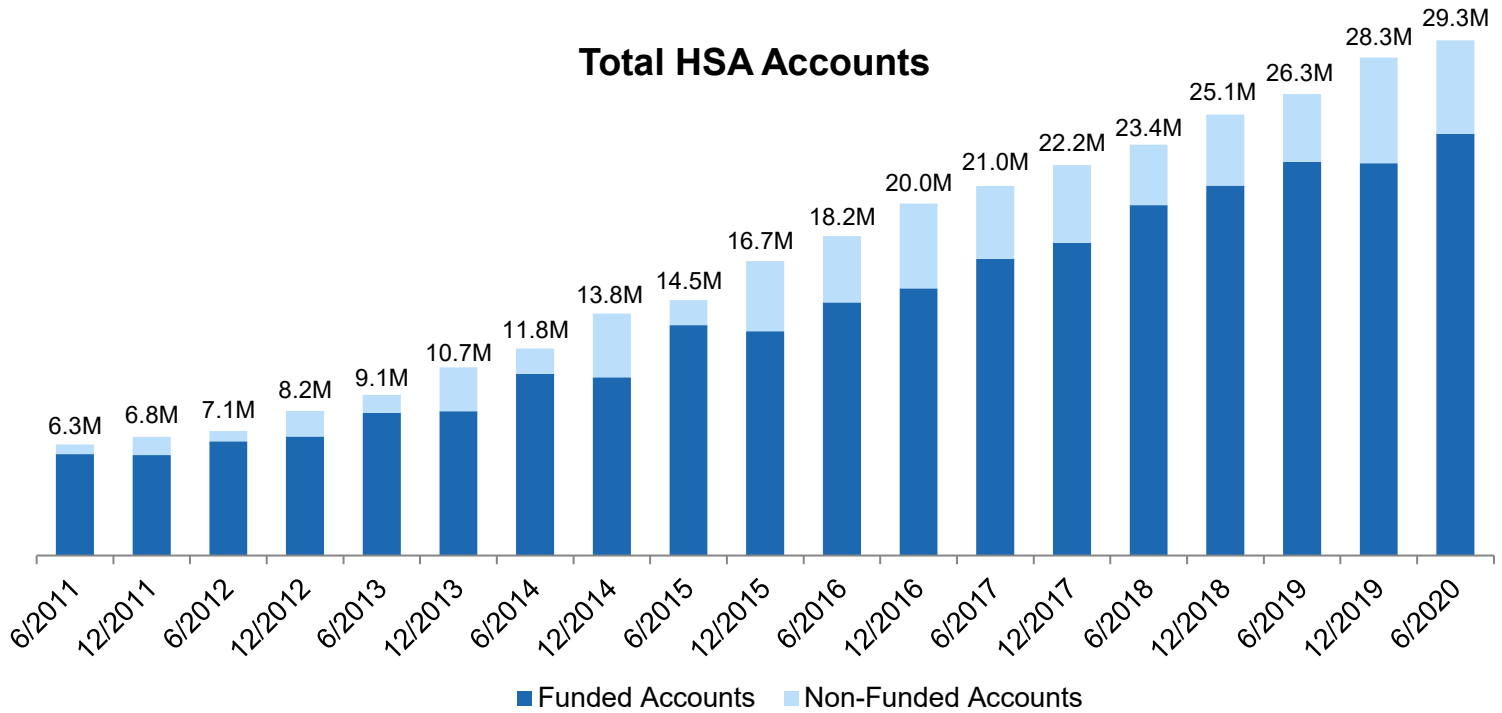
Total HSA Assets (in billions)



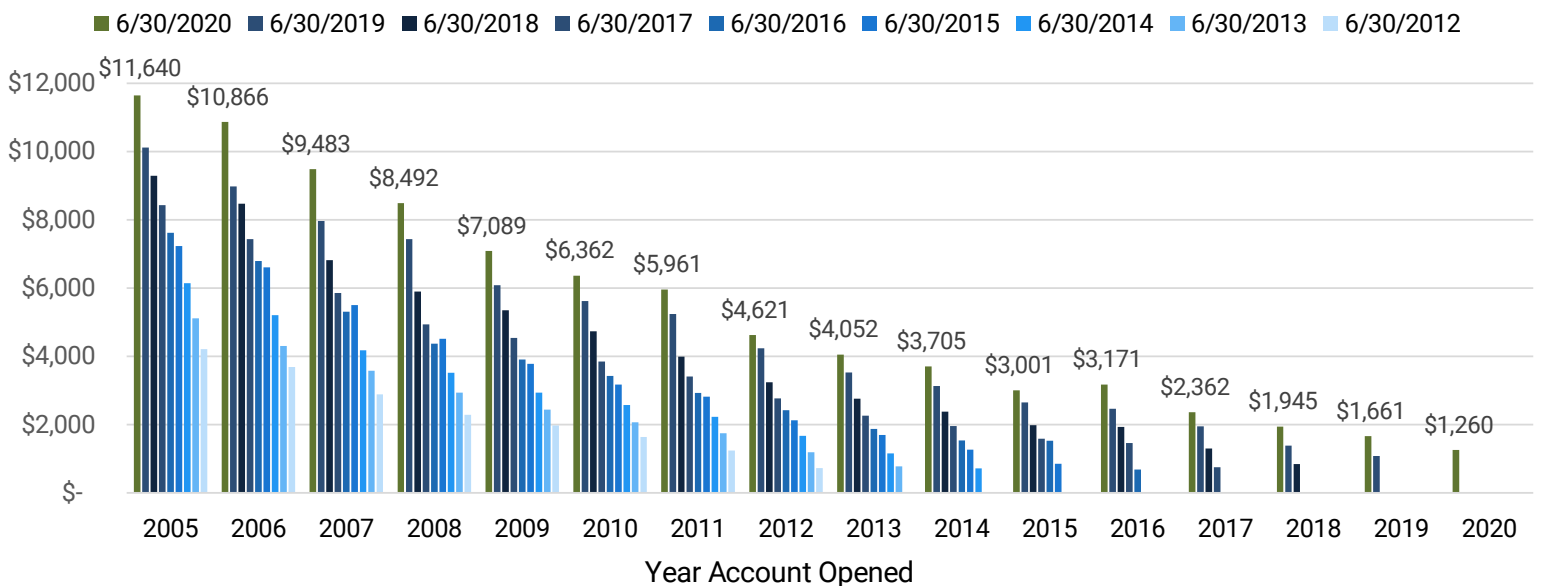
Source: Estimates derived from 2020 Midyear Devenir HSA Market Survey, press releases, previous market research, and market growth rates.

HSA Industry Level Account Data

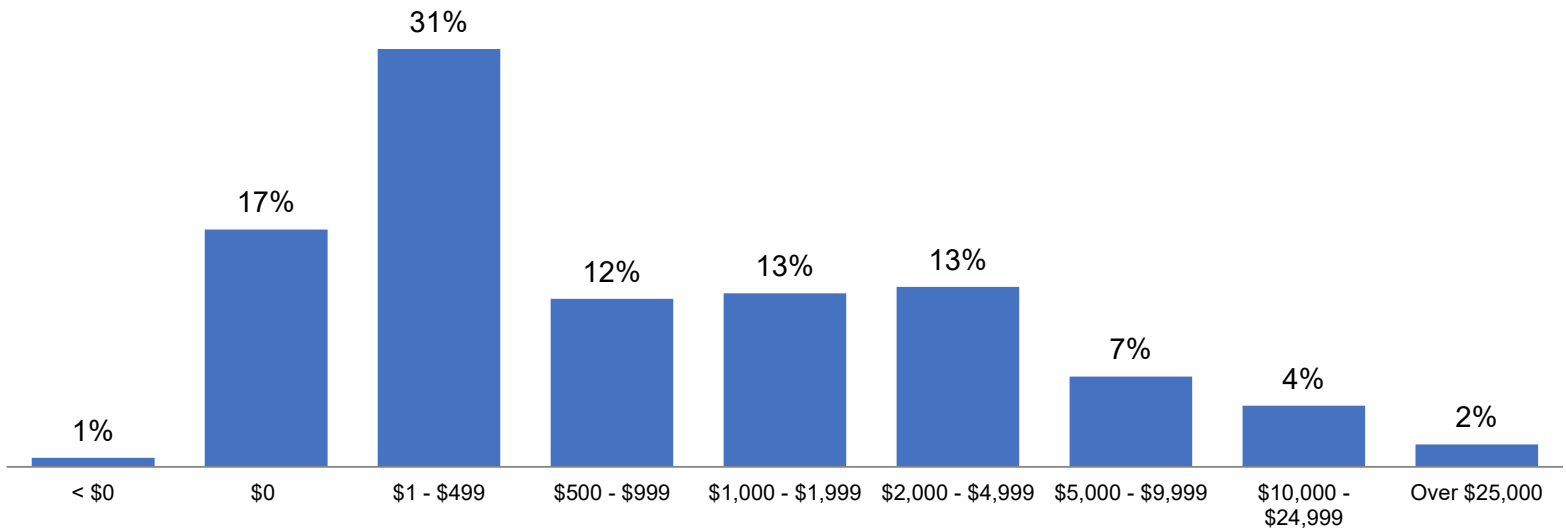
We continue to see seasonality in the percentage of accounts that are unfunded. Accounts are often opened during the fall open enrollment season, but remain unfunded until early the following year. At the 2020 midyear point, about 18% of all accounts were unfunded, up from 15% a year ago.



Average Balance By Year The Account Opened



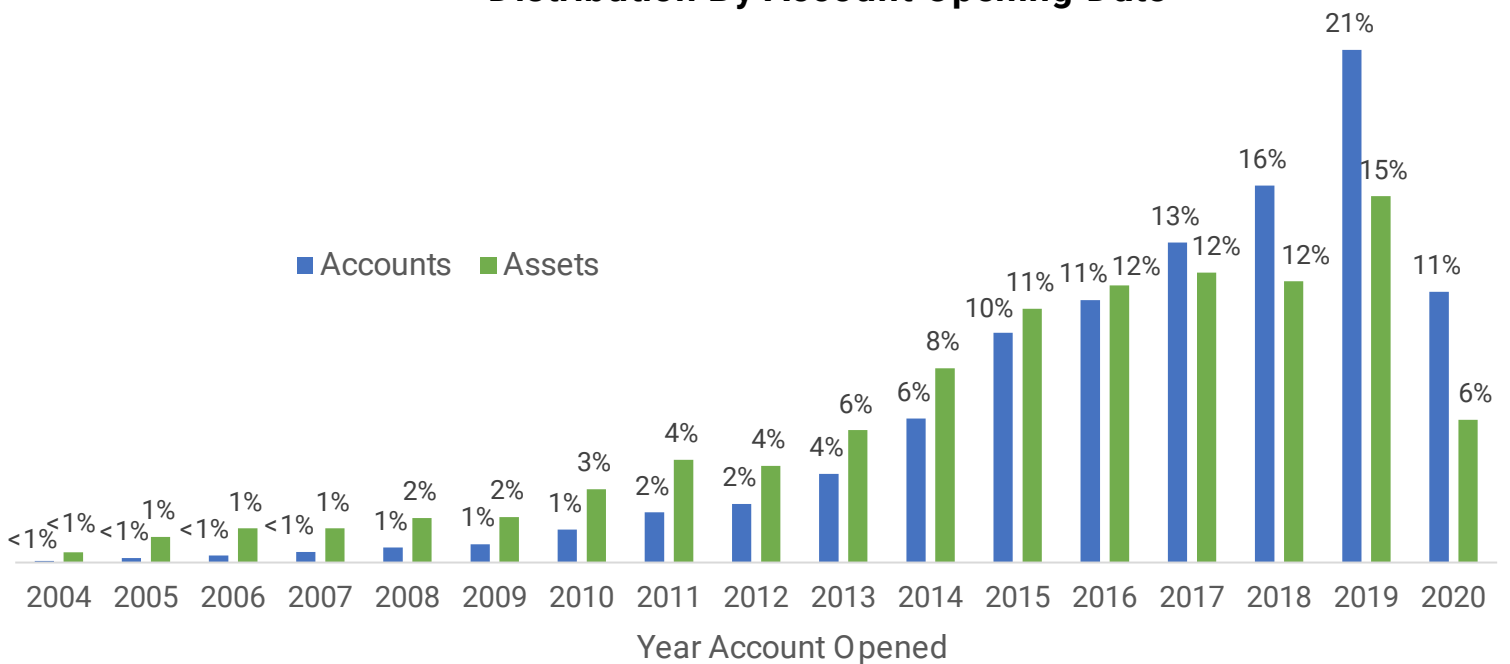
Health Savings Account Balance Distribution



48%
of accounts have been
opened since 2018

33%
of assets are held by
accounts opened since
2018

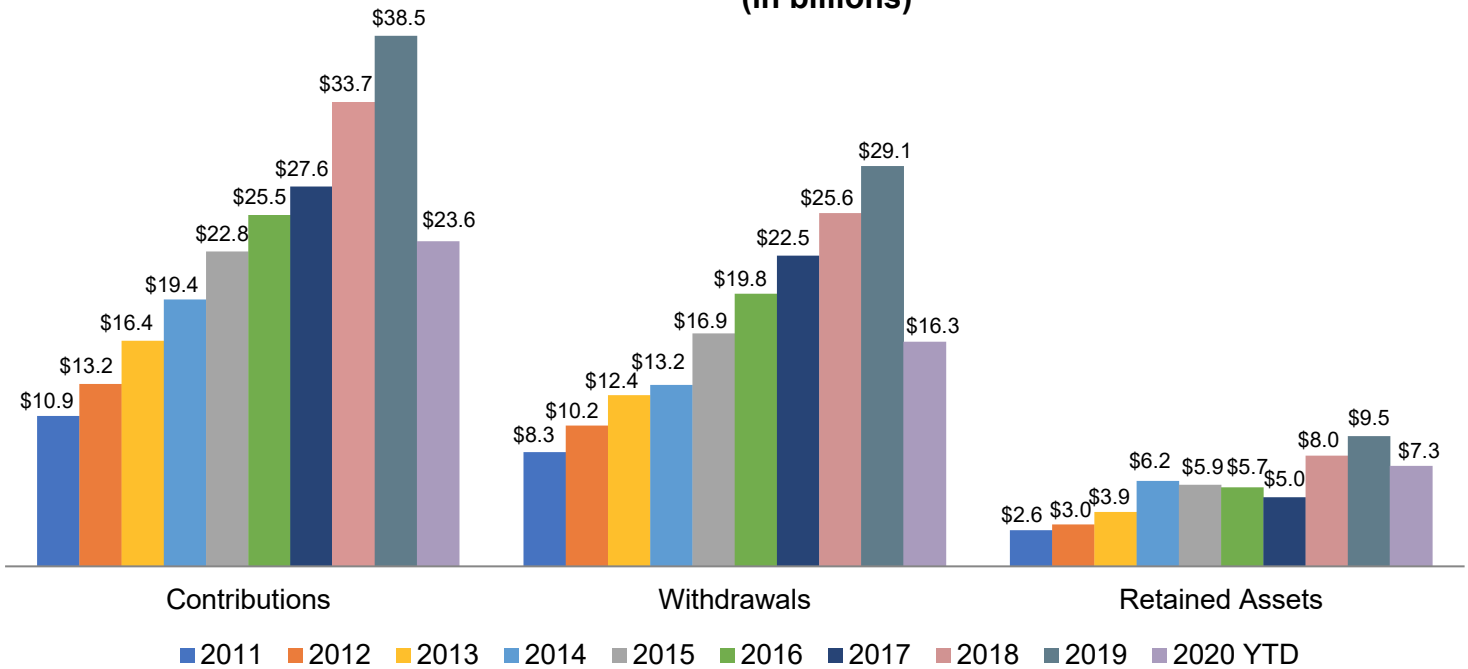
Distribution By Account Opening Date



Recent growth in the number of opened accounts may be due, in part, to accounts being moved from provider to provider which effectively resets the apparent account opening date for the same account holder.

Industry Contributions and Withdrawals

Industry Contributions & Withdrawals (in billions)



Below is an industry estimate of total contributions and withdrawals for the period 1/1/20 - 6/30/20.

2020 YTD Activity	Contributions	Withdrawals	Retained Assets	% Retained
Estimated Industry Totals	\$23,595,000,000	\$16,310,000,000	\$7,286,000,000	31%

41% of accounts contributed more than they withdrew in first half of 2020.

2020 YTD Employer Contributions
32% of all HSA dollars contributed to an account came from an employer.
 The average employer contribution was **\$673** (for those making contributions).

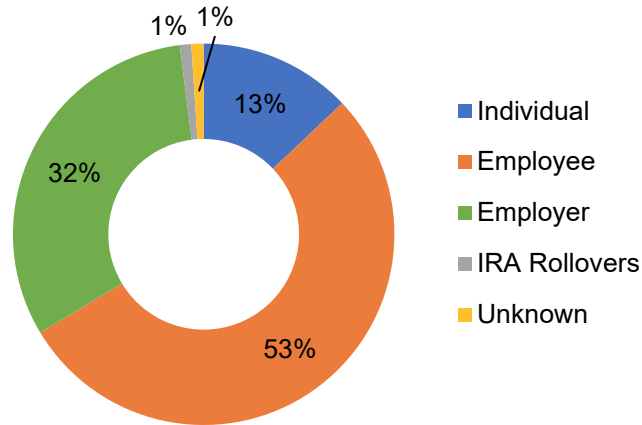
2020 Employee Contributions
53% of all HSA dollars contributed to an account came from an employee.
 The average employee contribution was **\$1,168** (for those making contributions).

2020 YTD 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 **\$1,652** (for those making contributions).

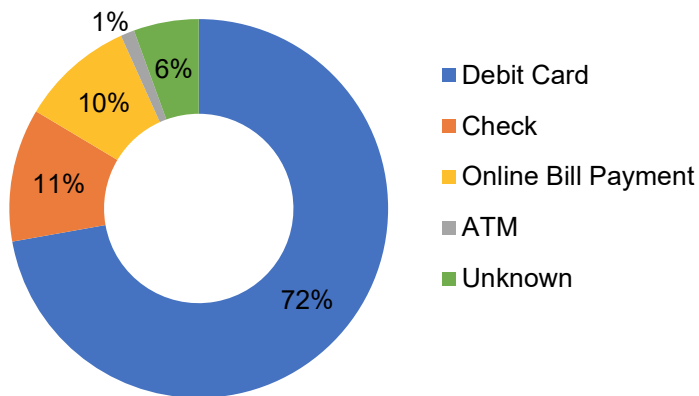
The remaining contributions in 2020 YTD came from IRA Rollovers & other sources.

Industry Contributions and Withdrawals - Details

Contributions 2020 YTD (\$)



Withdrawals 2020 YTD (\$)

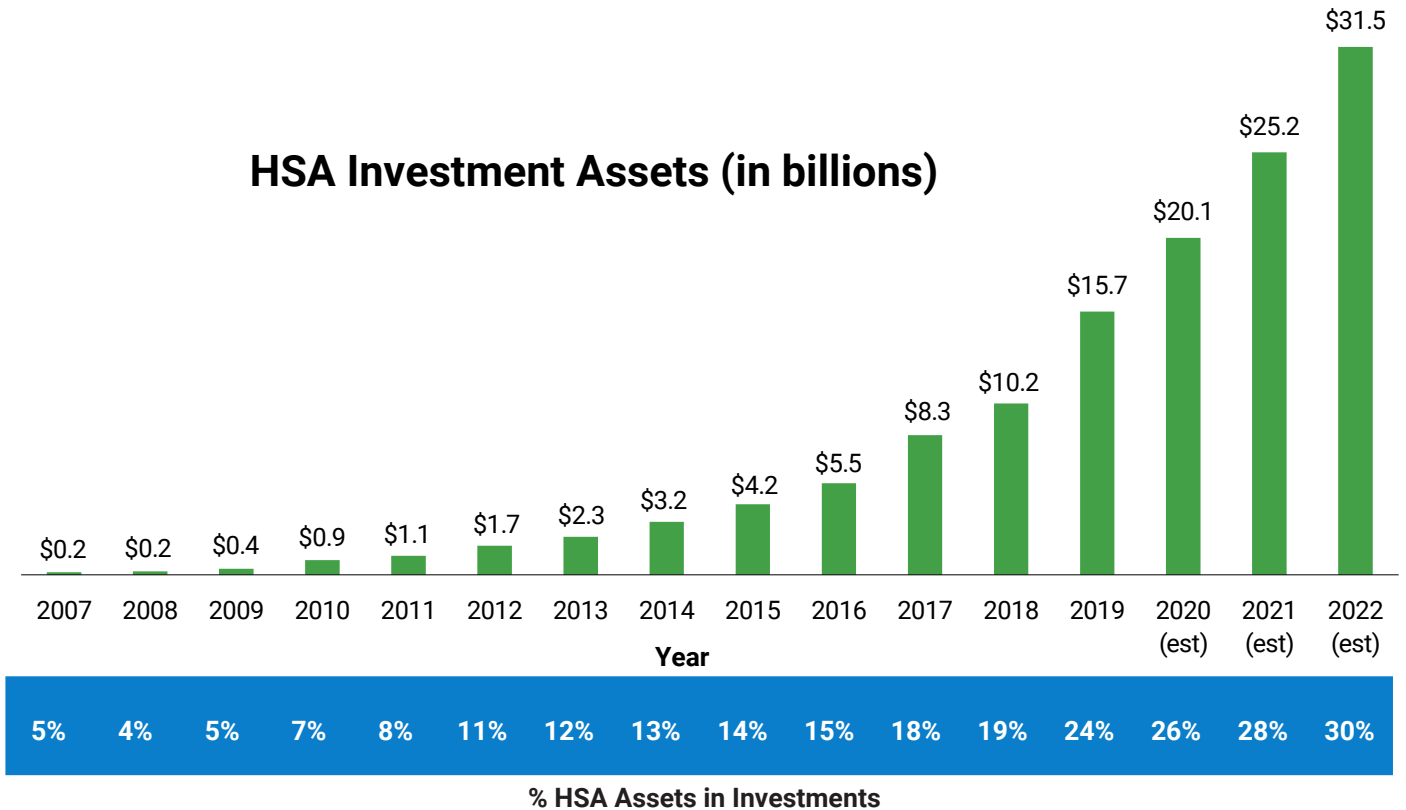


2020 YTD	Average Number of Withdrawals Per Account	% Of Total Withdrawals (#)	Average Transaction Size
Debit Card	4.2	87%	\$106
Check	0.2	5%	\$291
Online Bill Pay	0.2	4%	\$305
ATM	0.2	1%	\$114
Unknown	0.3	3%	\$224

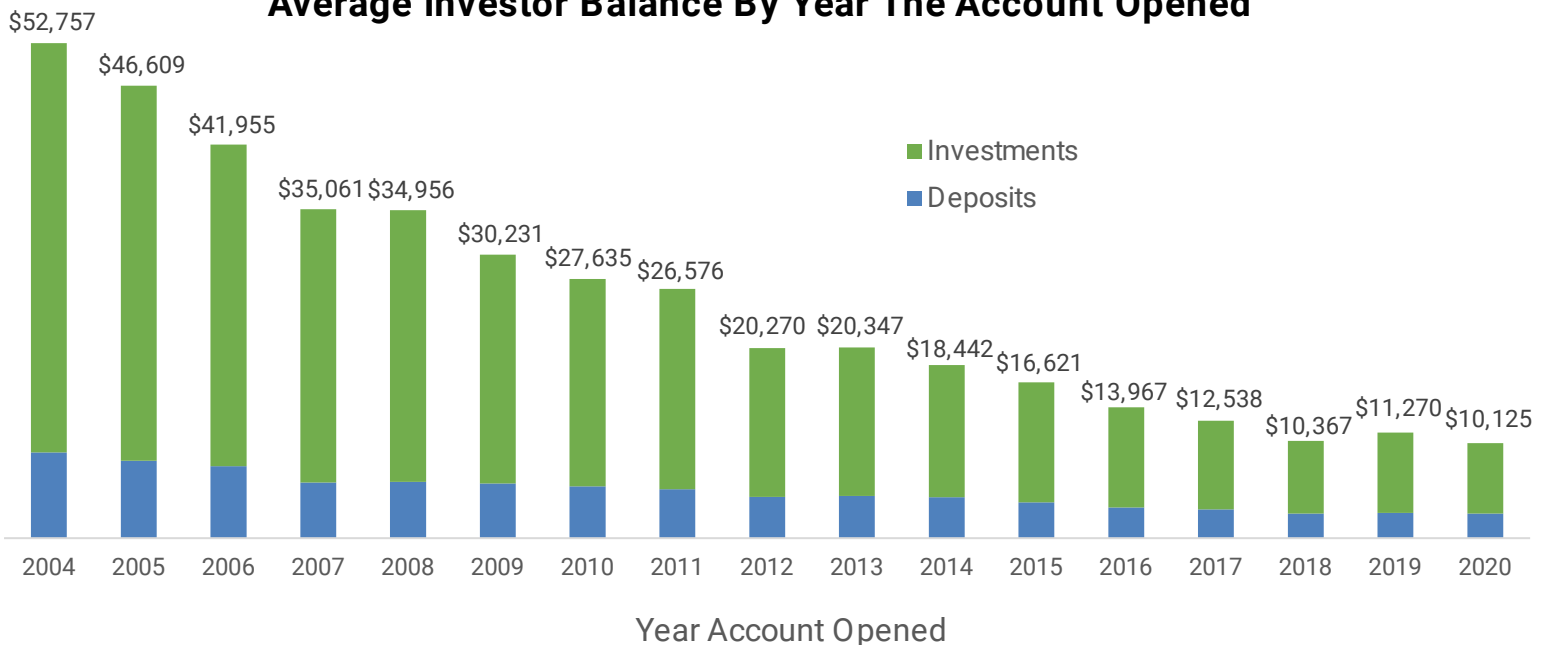
HSA Investments

- **\$17.6 billion** estimated in HSA investment assets as of June 30th, 2020, a 32% year-over-year increase.
- **24%** of all HSA assets are in investments as of June 30th, 2020.
- **\$15,445** average total balance (deposits and investments combined) for HSA investment accounts, over 5 times larger than a non-investment holder's average account balance.

HSA Investment Assets (in billions)



Average Investor Balance By Year The Account Opened



HSA Marketplace Projections

HSA providers project HSA industry asset growth of 14% in 2020 (unchanged from year-end 2018). 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. However, in 2019 HSA providers significantly underestimated HSA asset growth, and appear to be underestimating 2020 growth as well. Devenir currently projects that the HSA market will be approaching 35 million accounts by the end of 2022, holding over \$100 billion in assets.

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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Devenir Research Team

Jon Robb — Senior Vice President, Research & Technology

Eric Remjeske — President

Zach Haas — Investment Analyst

Daniel Hanson — Business Analyst

Thank you for your participation!

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For further information, please contact Devenir Research at 952-446-7400 or research@devenir.com