

Devenir Research

2020 Year-End HSA Market Statistics & Trends
Executive Summary

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Table of Contents

Key Findings	3
HSA Industry Level Account Data	4
Industry Contributions and Withdrawals	6
HSA Investments.....	9
HSA Marketplace Projections	10
2021 January Supplement	11
About Devenir	12

Report Methodology

The majority of this report was derived from the 2020 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 primarily in January 2021, and largely consisted of top 100 providers in the health savings account market. All data was requested for the period ending on December 31st, 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

Robust HSA asset growth. Health savings account asset growth remained strong, increasing to \$82.2 billion in assets held in over 30 million accounts, a year-over-year increase of 25% for assets and 6% for health savings accounts for the period ended December 31st, 2020.

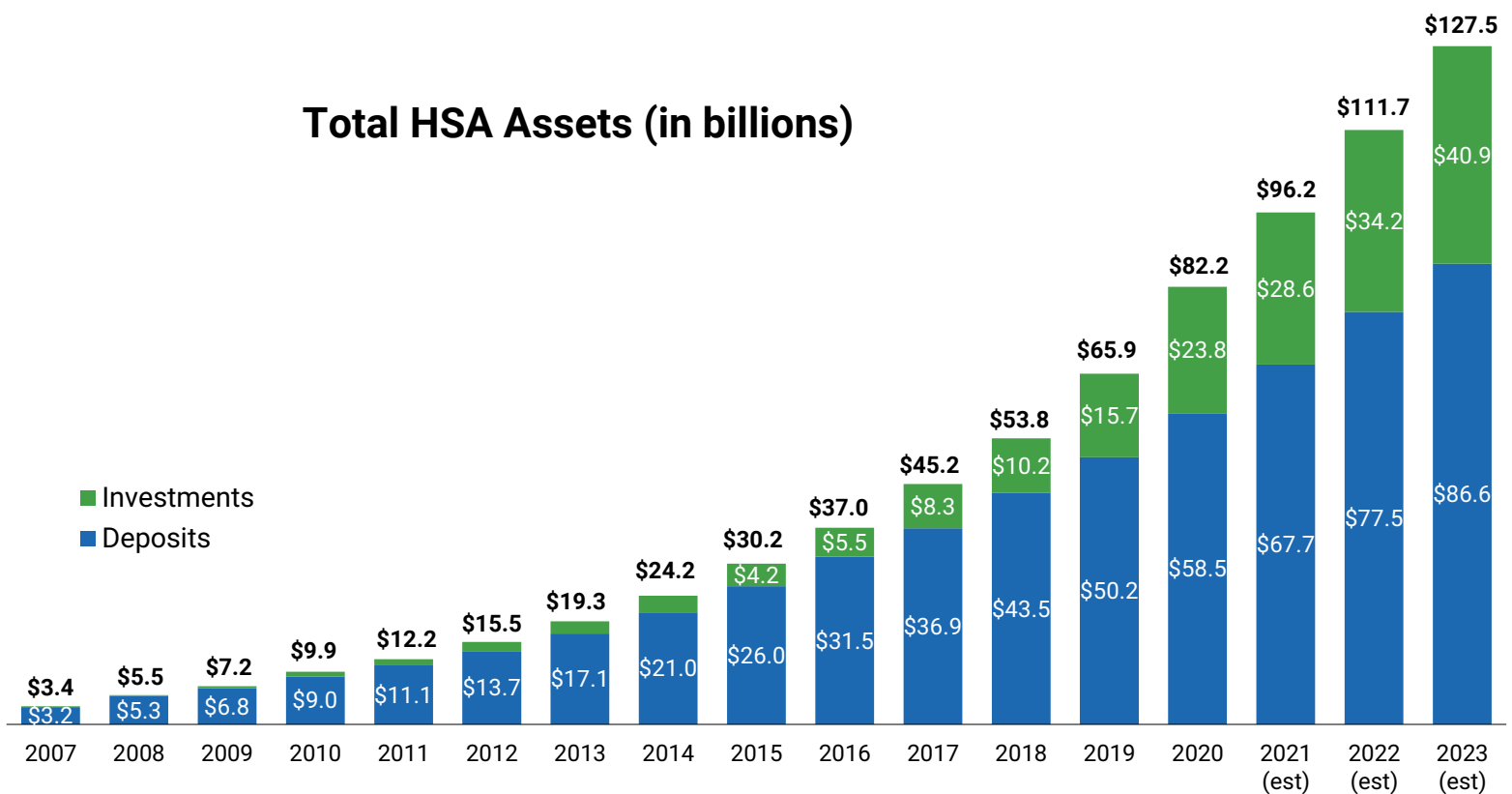
HSA investment asset growth soars. Fueled by strong market gains in the second half of 2020, HSA investment assets soared to an estimated \$23.8 billion at the end of December, up 52% year-over-year. On average, investment account holders hold a \$17,926 total balance (deposits and investments combined).

Interest in HSA investing grows. There are now approximately 1.7 million accounts that are investing a portion of their HSA dollars, representing almost 6% of all accounts.

HSA contribution growth outpaces withdrawals.

Account holders contributed almost \$42 billion to their accounts in 2020 (up 8% from year prior) and withdrew over \$30 billion from their accounts in 2020 (up 4% from year prior).

Total HSA Assets (in billions)

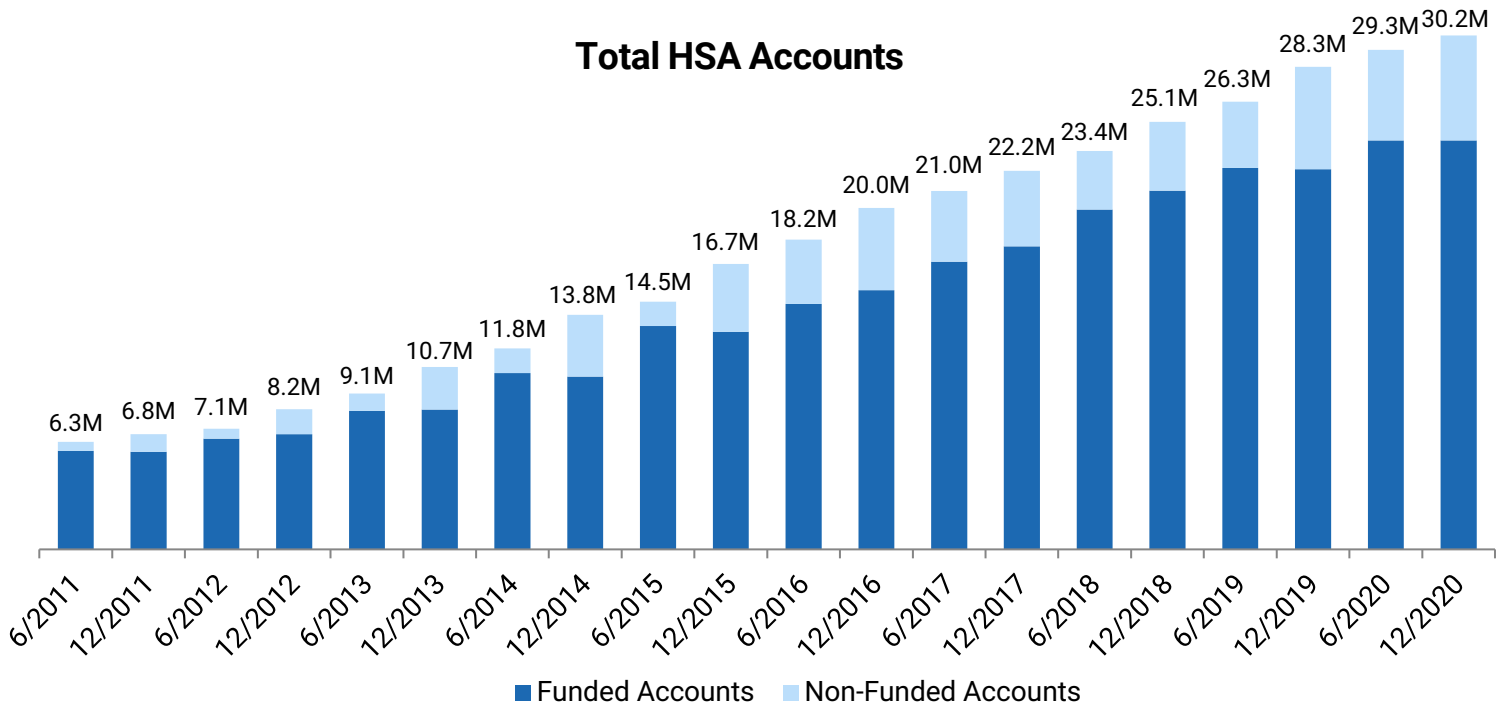


Source: Estimates derived from 2020 Year-End Devenir HSA Market Survey, press releases, previous market research, and market growth rates.

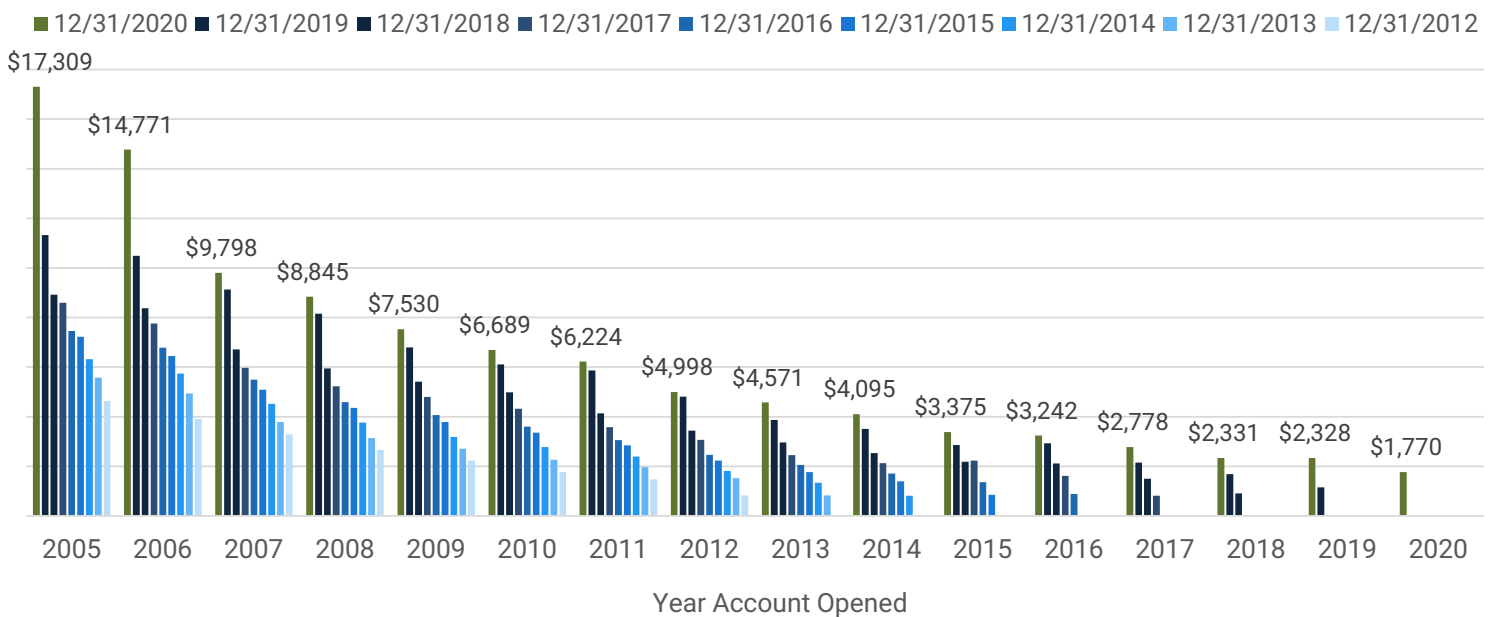
HSA Industry Level Account Data

Due in part to headwinds created by the COVID-19 pandemic and the related impacts to the employment market, account growth slowed in 2020. 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 2020, about 20% of all accounts were unfunded, down from 21% a year ago.

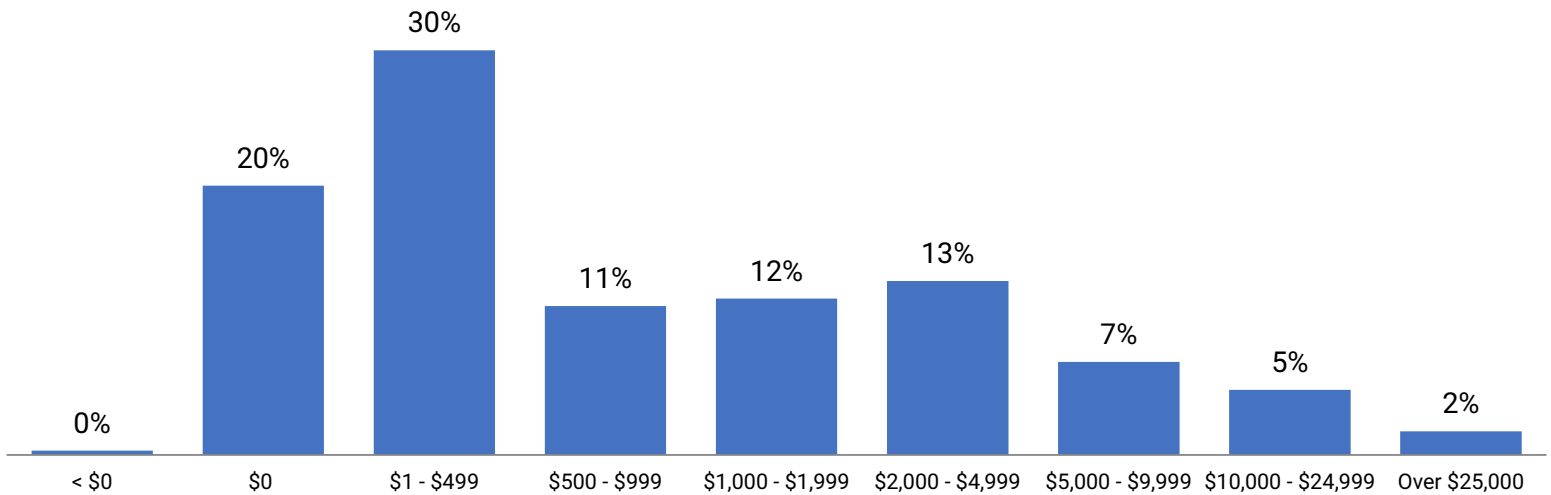
Total HSA Accounts



Average Balance By Year The Account Opened



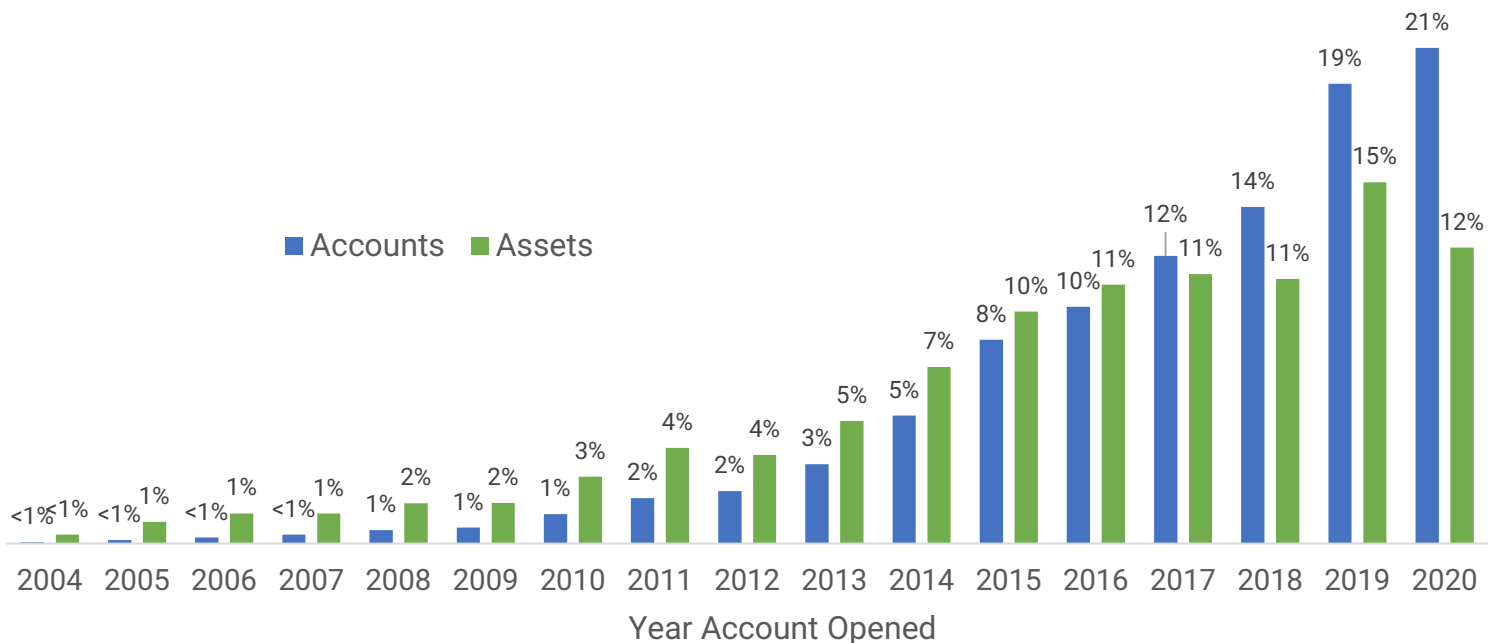
Health Savings Account Balance Distribution



54%
of accounts have been
opened in the last 3
years

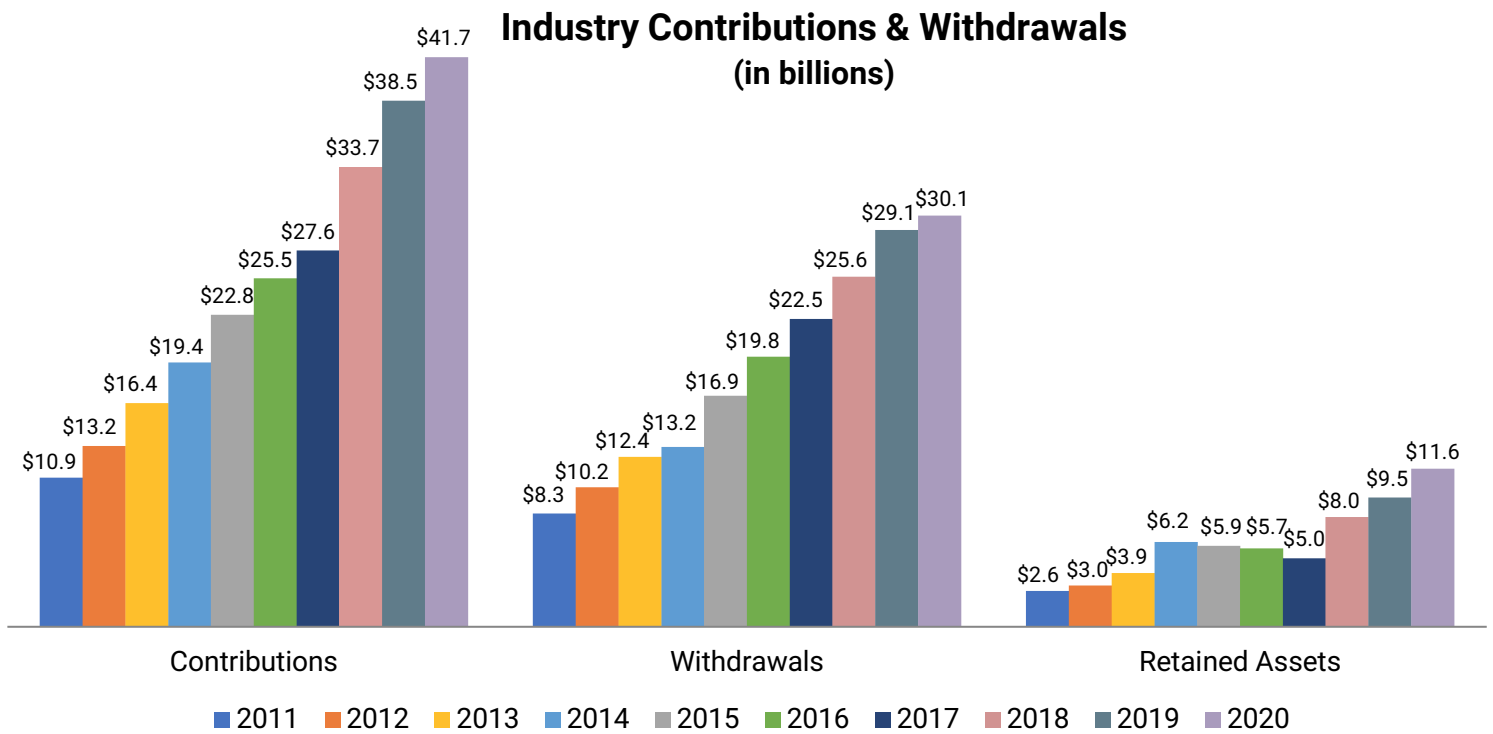
38%
of assets are held by
accounts opened in the
last 3 years

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.

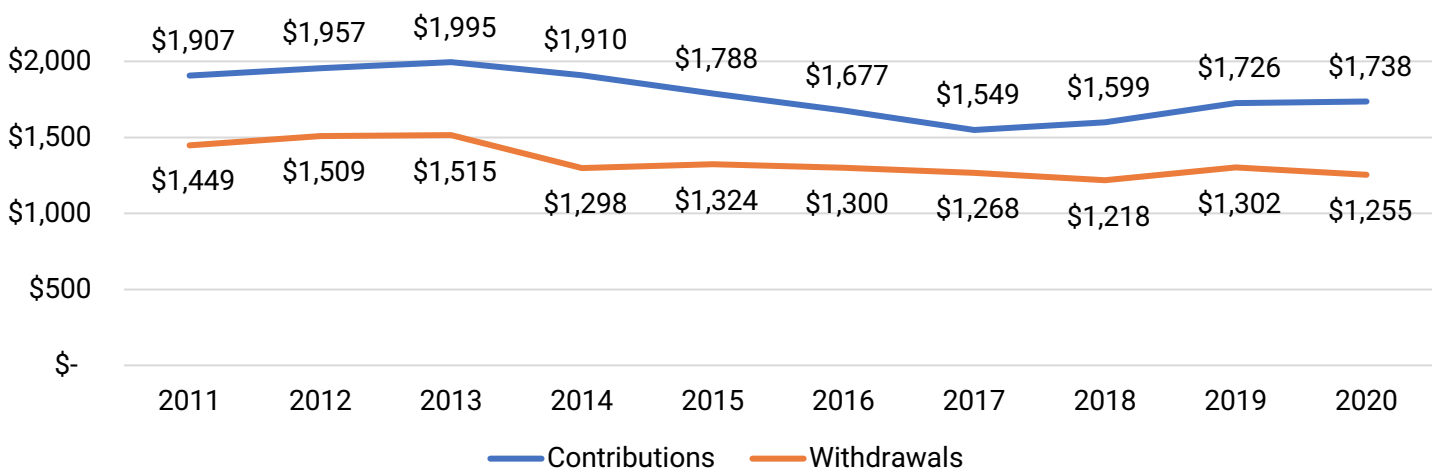
Industry Contributions and Withdrawals



Below is an industry estimate of total contributions and withdrawals for the period 1/1/20 - 12/31/20.

2020 Activity	Contributions	Withdrawals	Retained Assets	% Retained
Estimated Industry Totals	\$41,689,000,000	\$30,109,000,000	\$11,580,000,000	28%

Yearly Contributions & Withdrawals Per Funded Account

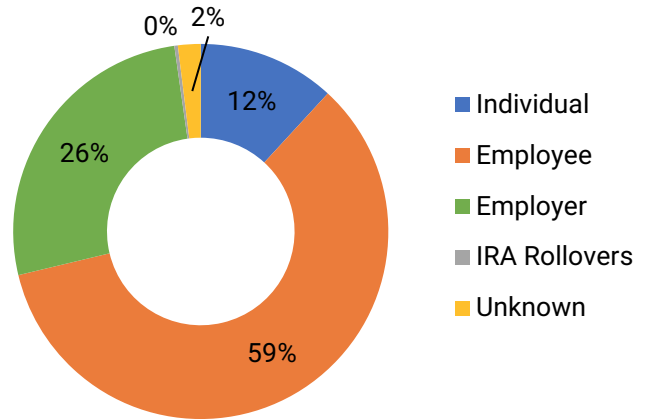


A funded account is defined as an account with a balance greater than \$0 at the end of the year.

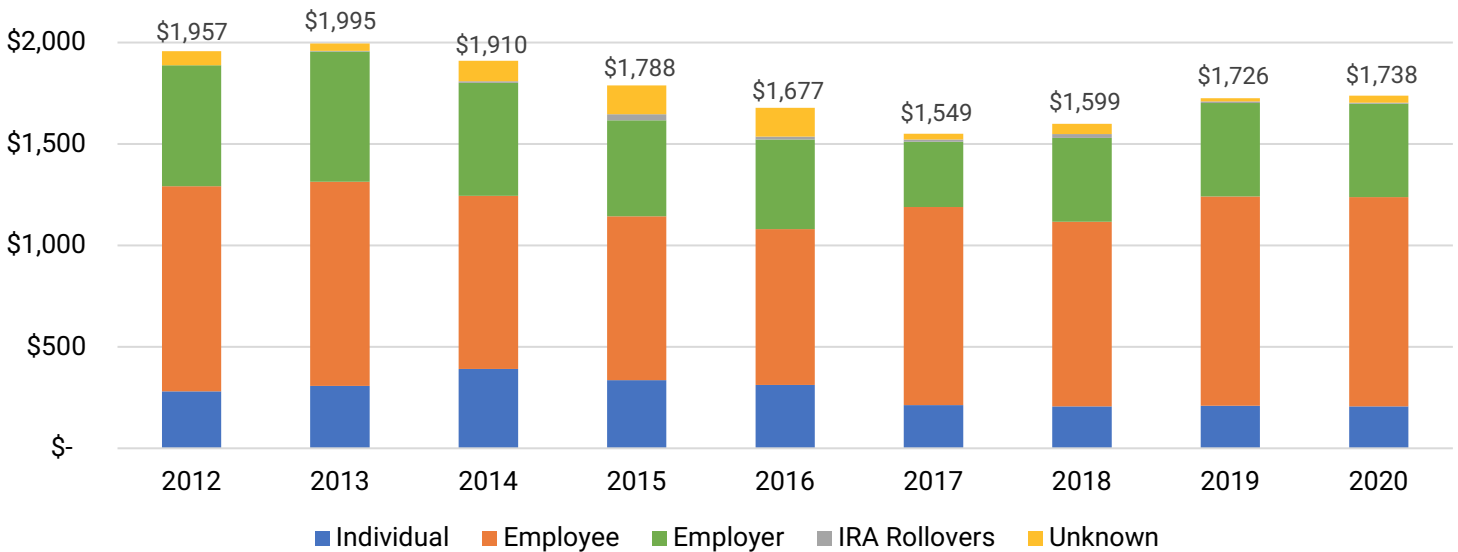
Industry Contributions

49%
of accounts contributed more than they withdrew in 2020.

Contributions 2020 (\$)



Average Contribution Per Funded Account



A funded account is defined as an account with a balance greater than \$0 at the end of the year.

2020 Employer Contributions
26% of all HSA dollars contributed to an account came from an employer.
The average employer contribution was **\$870** (for those making contributions).

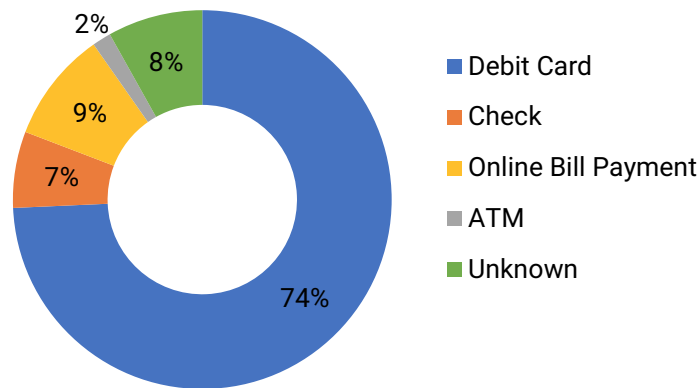
2020 Employee Contributions
59% of all HSA dollars contributed to an account came from an employee.
The average employee contribution was **\$2,054** (for those making contributions).

2020 Individual Contributions
12% of all HSA dollars contributed to an account came from an individual account not associated with an employer.
The average individual contribution was **\$2,033** (for those making contributions).

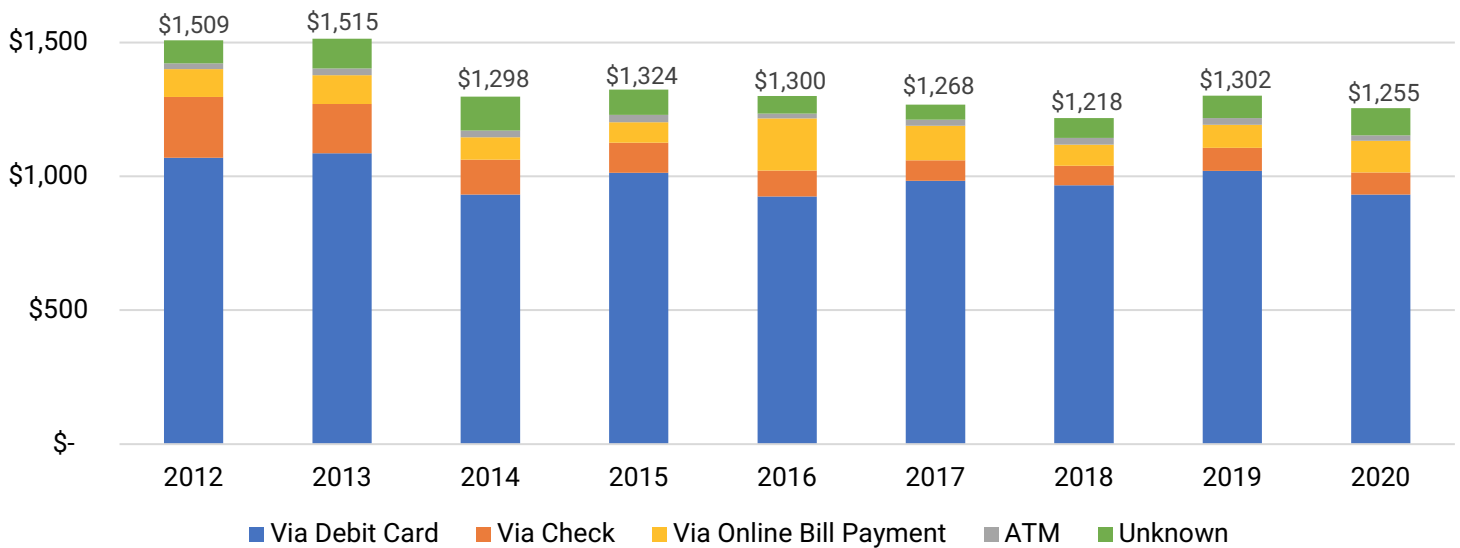
The remaining contributions in 2020 came from IRA rollovers & other sources.

Industry Withdrawals

Withdrawals 2020 (\$)



Average Withdrawal Per Funded Account



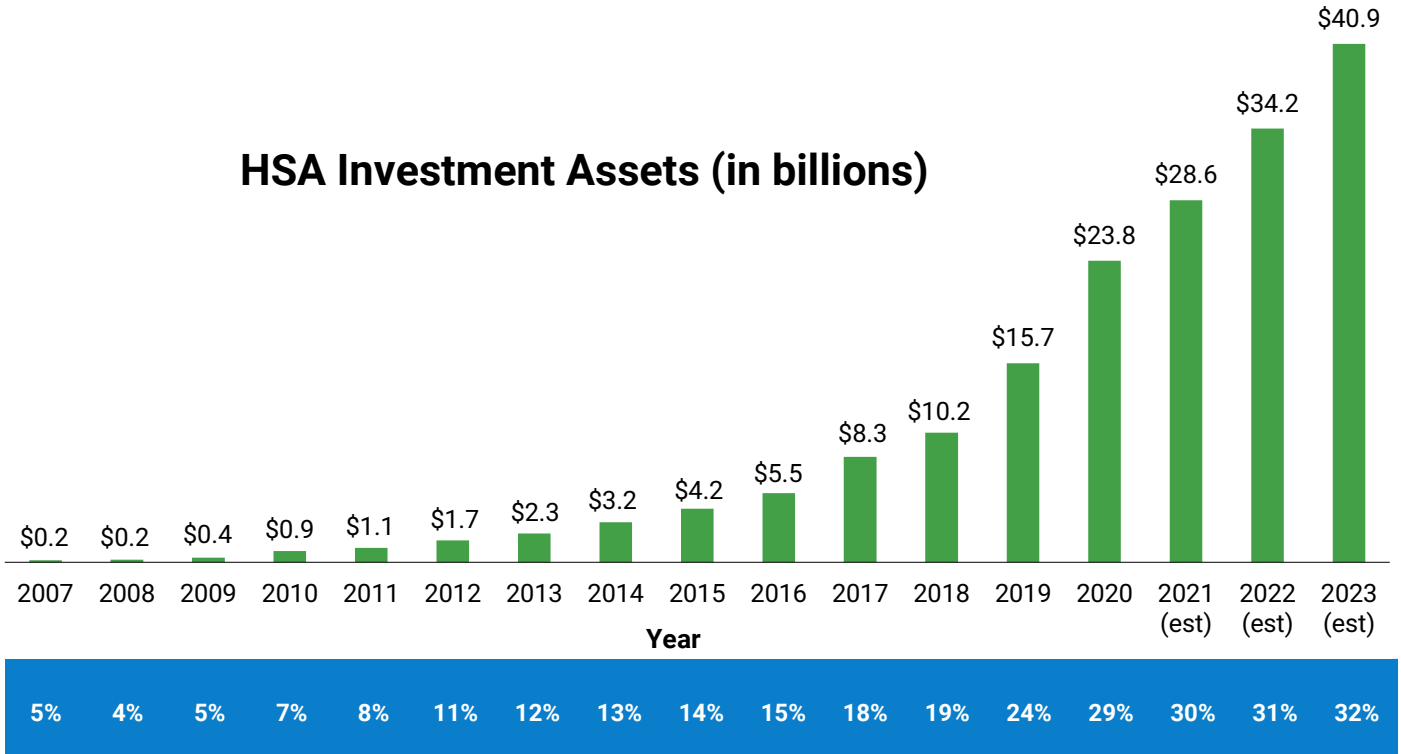
A funded account is defined as an account with a balance greater than \$0 at the end of the year.

2020	Average Number of Withdrawals Per Account	% Of Total Withdrawals (#)	Average Transaction Size
Debit Card	8.7	86%	\$107
Check	0.4	4%	\$182
Online Bill Pay	0.5	4%	\$276
ATM	0.9	3%	\$63
Unknown	0.5	3%	\$399

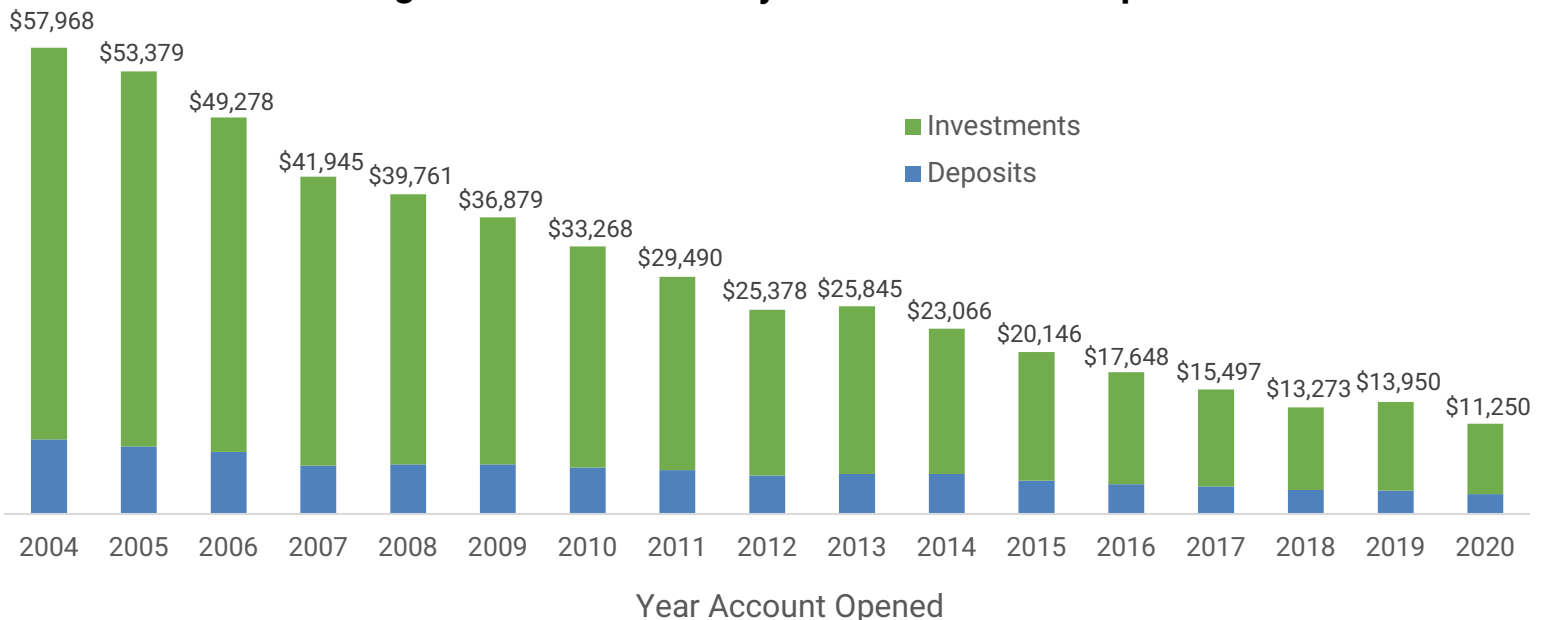
HSA Investments

- **\$23.8 billion** estimated in HSA investment assets as of December 31st, 2020, a 52% year-over-year increase.
- **29%** of all HSA assets are in investments as of December 31st, 2020.
- **\$17,926** average total balance (deposits and investments combined) for HSA investment accounts, 6.5 times larger than an average funded non-investment holder's 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 16% in 2021, while anticipating their own business will grow by 23% during the same period. Historically HSA providers have been fairly accurate with their growth forecasts, demonstrating an impressive understanding of the outlook for their book of business. However, in both 2020 and 2019 HSA providers significantly underestimated HSA market asset growth. Devenir currently projects that the HSA market will exceed 36 million accounts by the end of 2023, holding over \$127 billion in assets.

2021 January Supplement

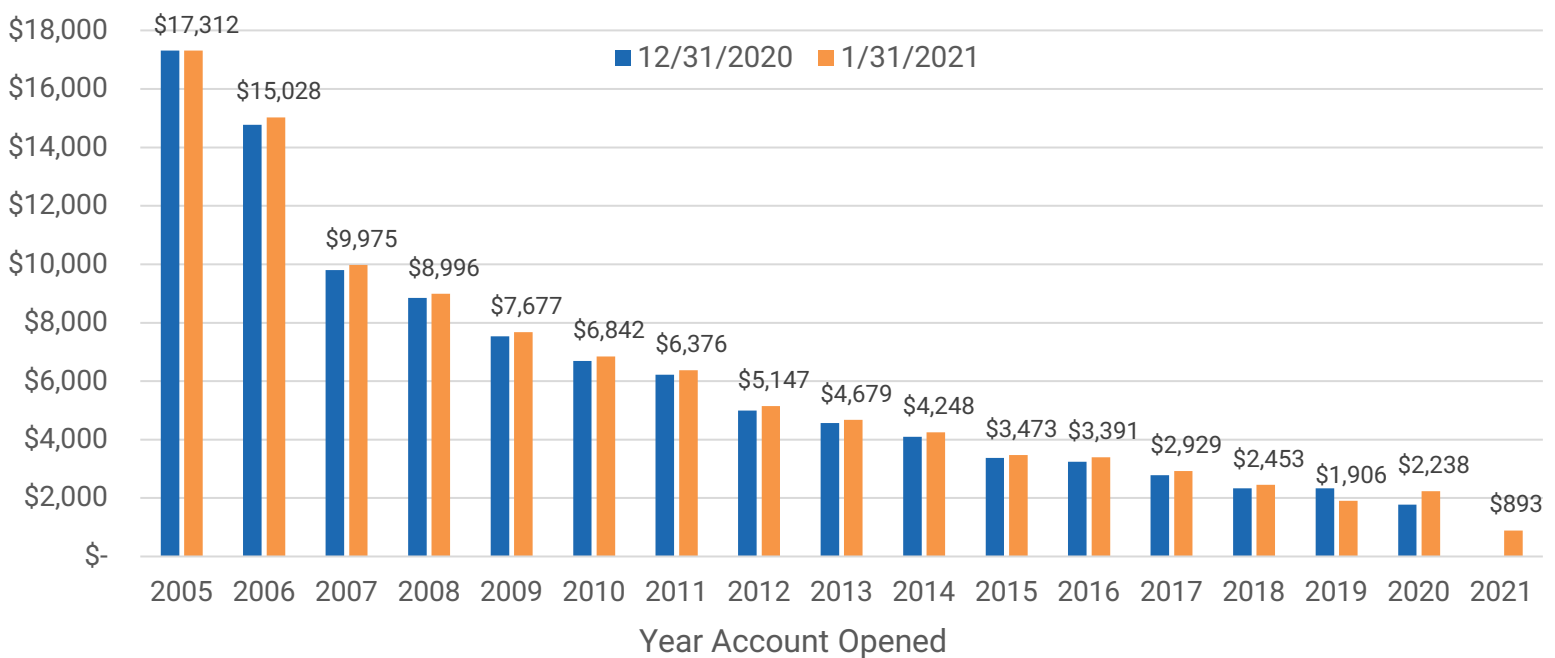
This section draws data primarily from the January 2021 Supplemental Survey. All year-end survey participants were invited to participate in the January 2021 supplement, with participation varying from small community banks to the largest HSA providers.

HSA assets exceed \$87 billion. HSA assets grew by \$5.1 billion in January 2021 to reach \$87.3 billion, up over 6% since the end of 2020. Accounts grew by 3%, with the total number of HSA accounts rising to an estimated 31.2 million.

Employers drive January growth. 34% of HSA accounts received an employer contribution in January. Employers contributed 60% of all dollars flowing into HSA accounts during the month of January, with an average contribution of \$502.

Fewer unfunded accounts. At the end of 2020, unfunded accounts represented about 20% of all accounts, but by the end of January 2021 that number was down to about 18% of all accounts. This data point continues to reaffirm our belief that a significant portion of the unfunded 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.

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