

Devenir Research

2022 Year-End HSA Market Statistics & Trends
Executive Summary

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Report Methodology

The majority of this report was derived from the 2022 Year-End Devenir HSA Market Survey. The survey was carried out in early 2023, and largely consisted of top 100 providers in the health savings account market. All data was requested for the period ending on December 31st, 2022.

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, either with other statistics in this report or 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

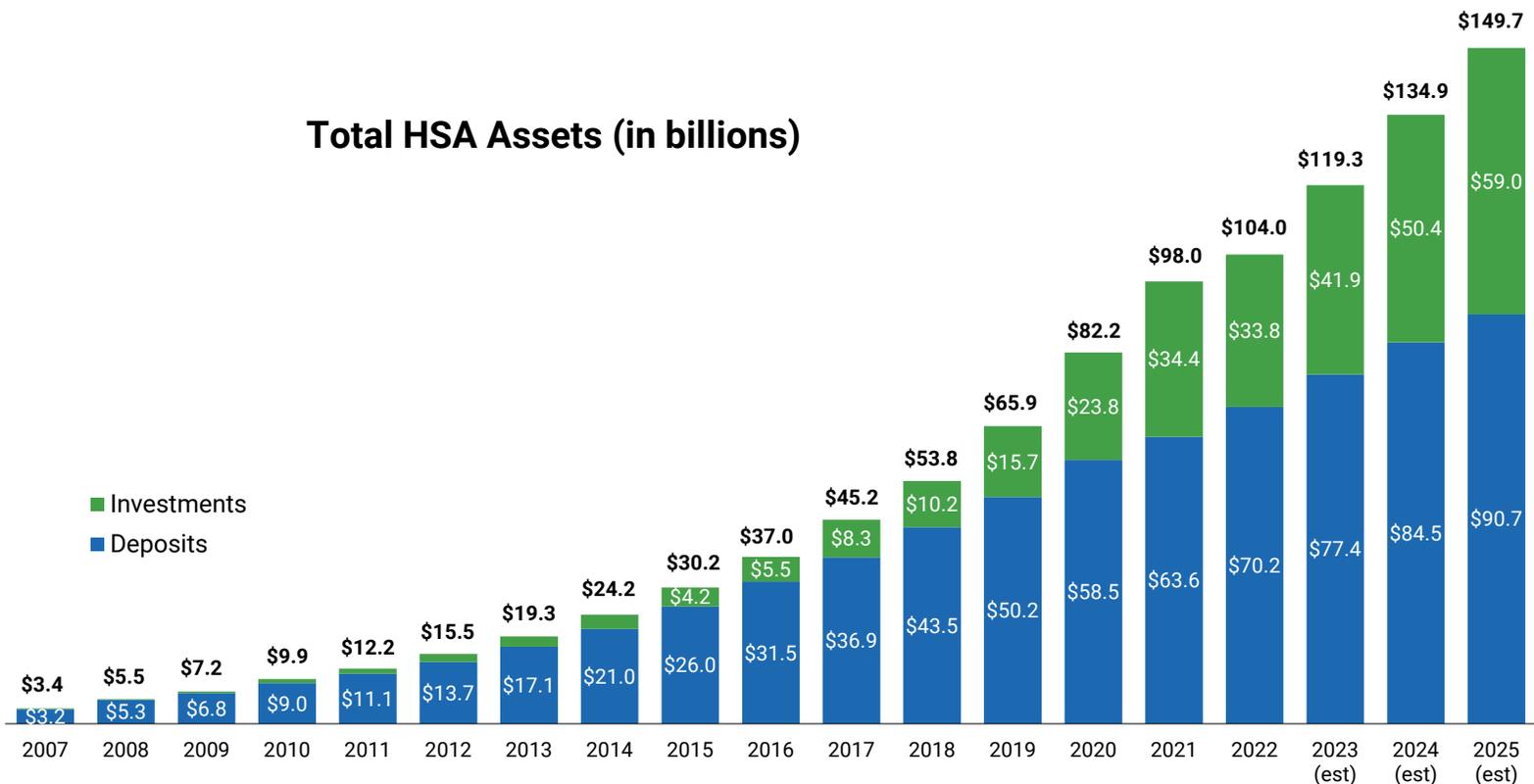
Account growth remains strong. While health savings account asset growth in 2022 was held back by significant stock market headwinds, the growth in the number of HSAs accelerated. At the end of 2022, there were \$104 billion in HSA assets held among 35.5 million accounts, a year-over-year increase of 6% for assets and 9% for accounts.

HSA investment assets resume growth. After enduring one of the worst stock markets in decades during the first half of the year, HSA investment assets resumed their growth during the 2nd half of the year, growing 9% during the period to end 2022 with \$33.8 billion (down 2% from the end of 2021).

Growth of HSA accounts investing slows. More HSAs than ever are investing but the rapid growth seen over the last few years has slowed in the face of significant market headwinds and rising rates in 2022. Almost 2.6 million health savings accounts have at least a portion of their HSA dollars invested, representing over 7% of all accounts.

HSA contribution and withdrawal activity remains strong. Account holders contributed \$47 billion to their accounts in 2022 (up 11% from the year prior) and withdrew \$34 billion from their accounts during the year (up 11% from year prior).

Total HSA Assets (in billions)

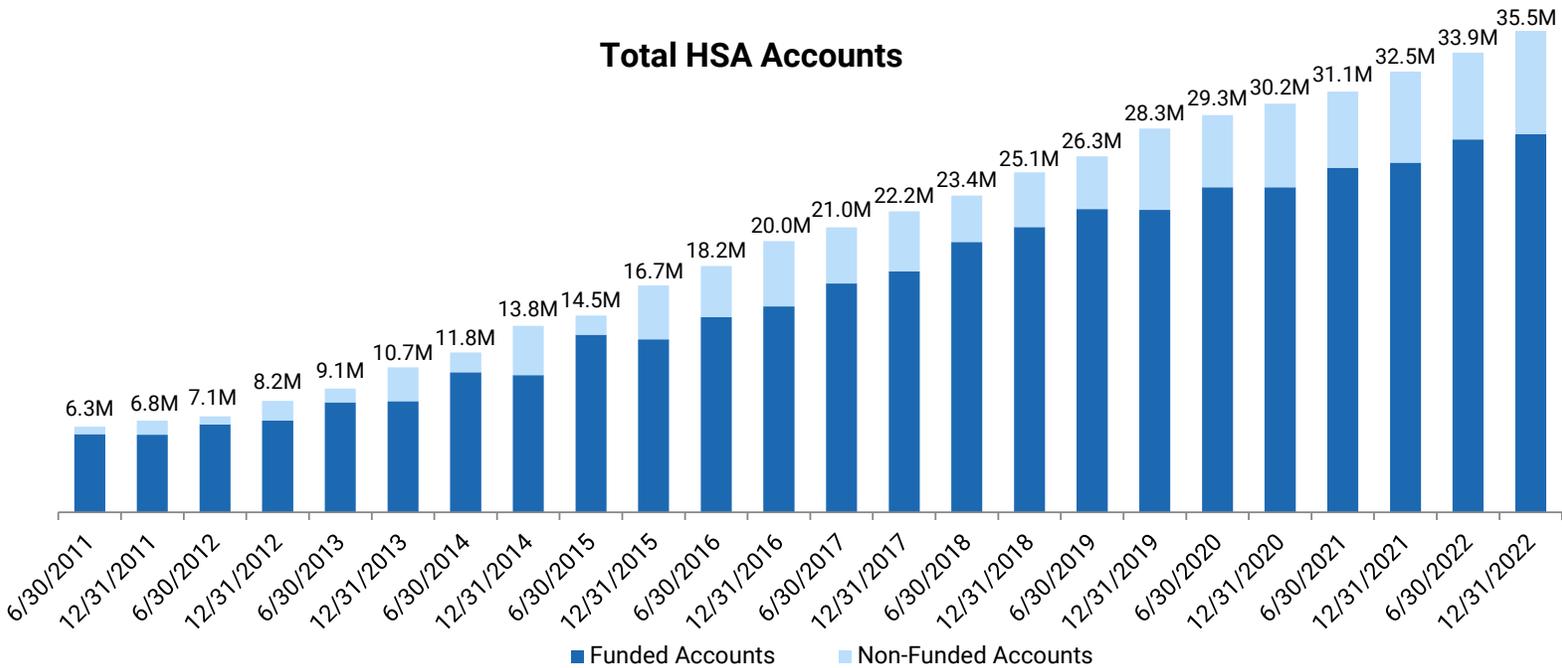


Source: Estimates derived from 2022 Year-End Devenir HSA Market Survey, press releases, previous market research, and market growth rates.

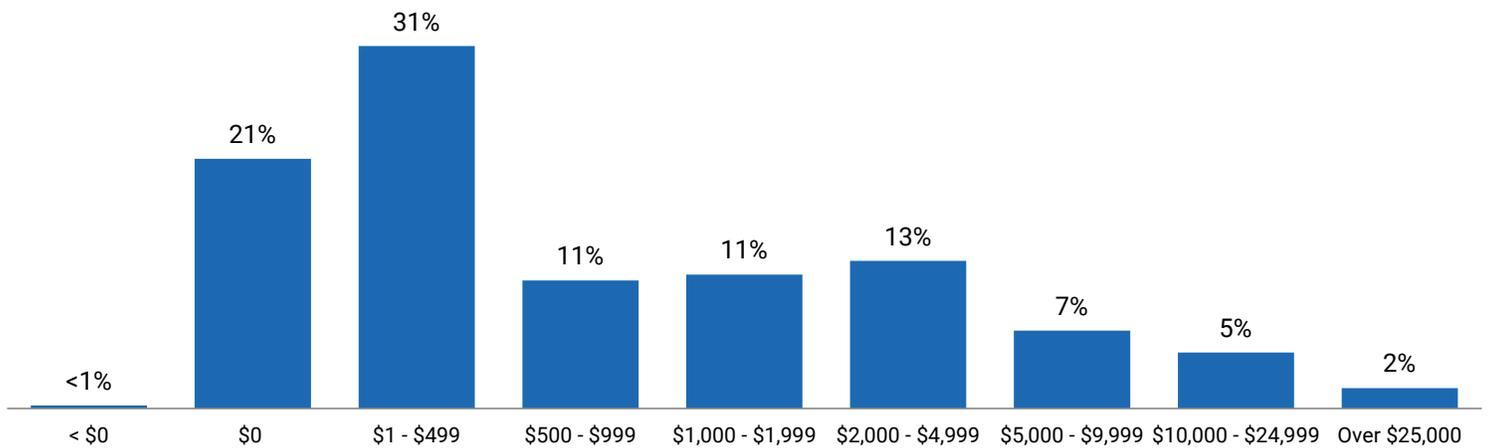
HSA Industry Level Account Data

The pace of account growth remained strong throughout 2022 after the COVID-19 pandemic and related impacts to the employment market began to subside. 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 2022, about 21% of all accounts were unfunded, unchanged from a year ago.

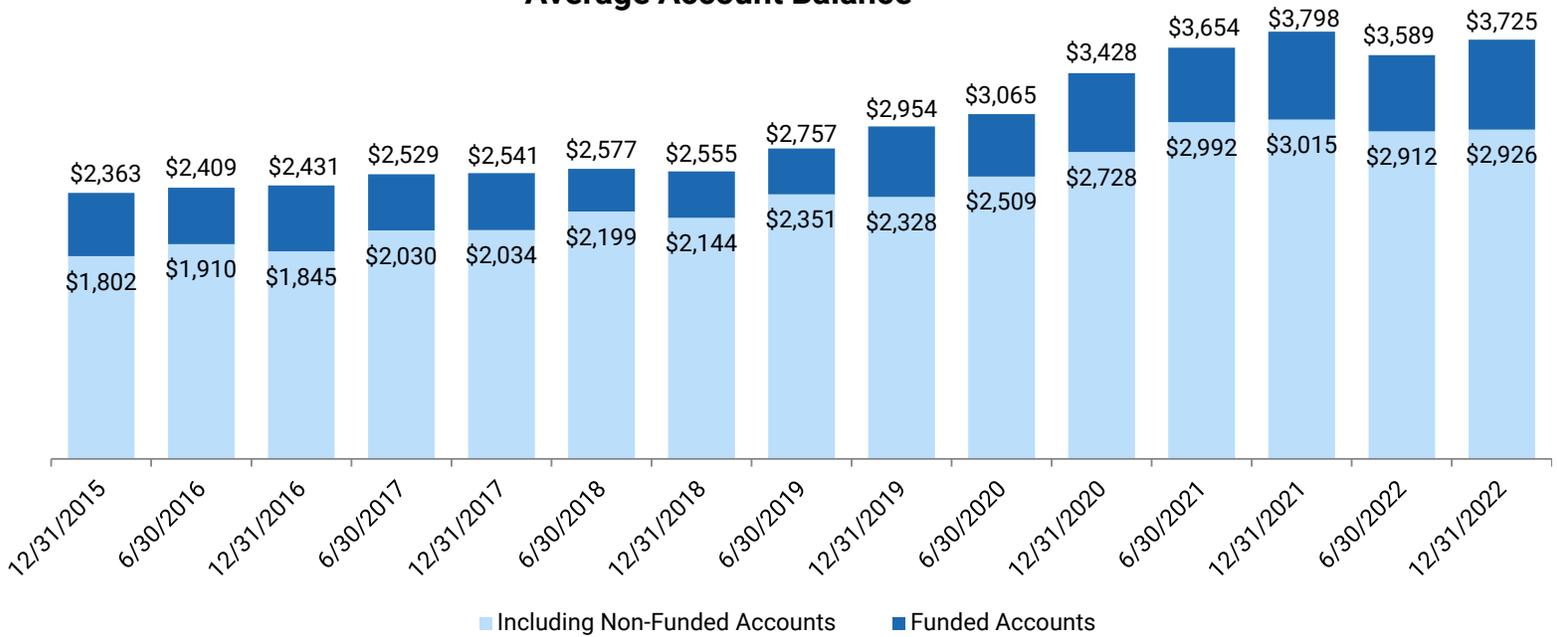
Total HSA Accounts



Health Savings Account Balance Distribution

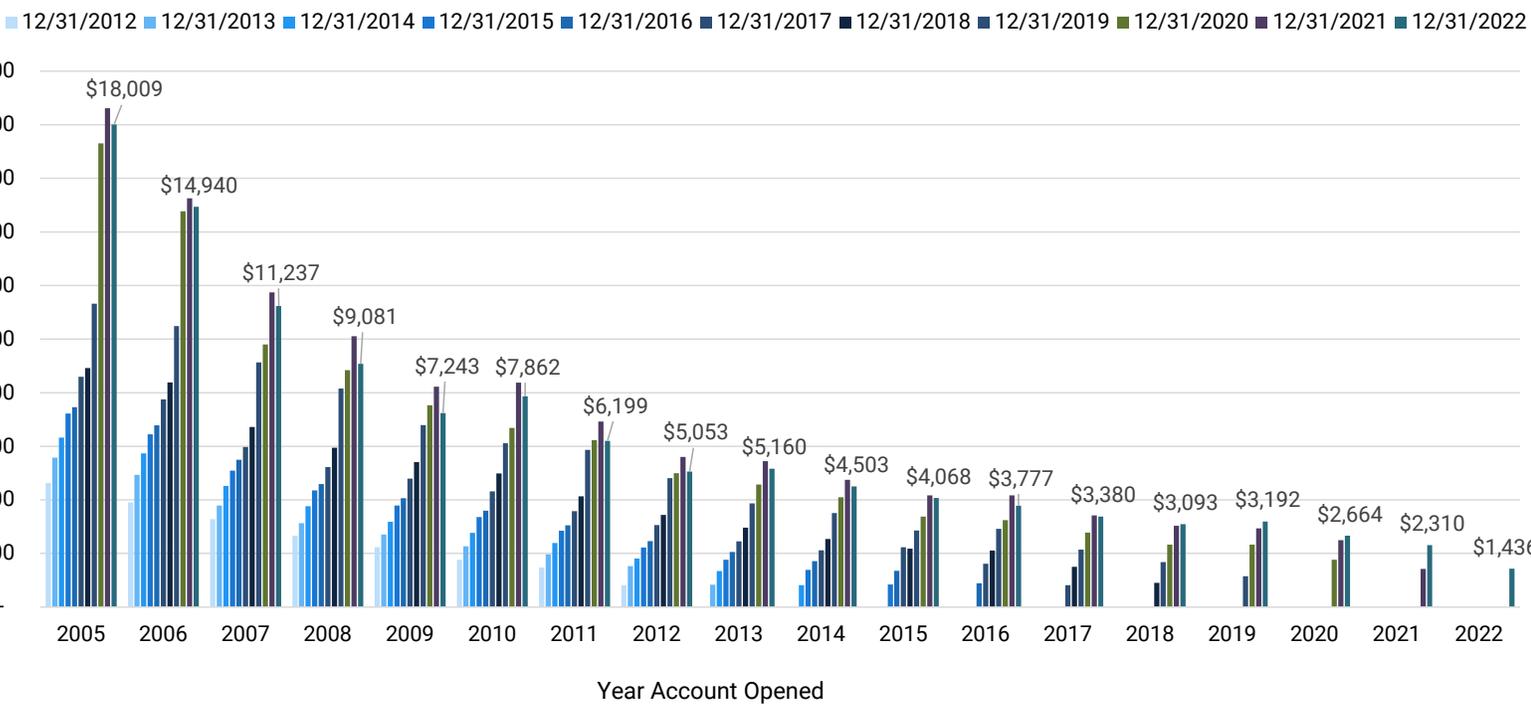


Average Account Balance



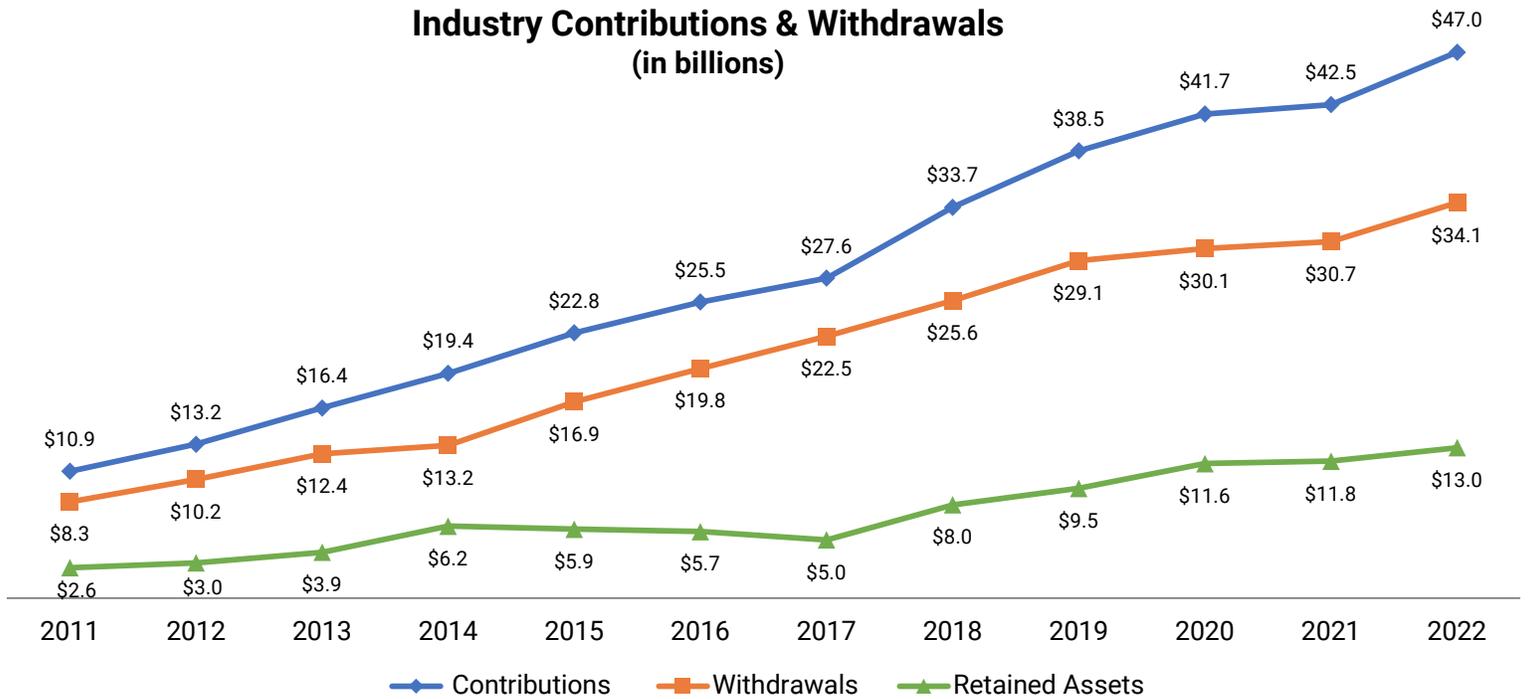
HSA's opened during 2022 had an average balance of \$1,436, compared to a \$1,420 average balance at the end of 2021 for accounts opened in 2021. We believe a contributing factor to the trend of newer accounts having higher balances is a result of HSA providers reporting M&A or account transfers from existing accounts in 2022 as having been opened the same year.

Average Balance By Year The Account Opened



Industry Contributions and Withdrawals

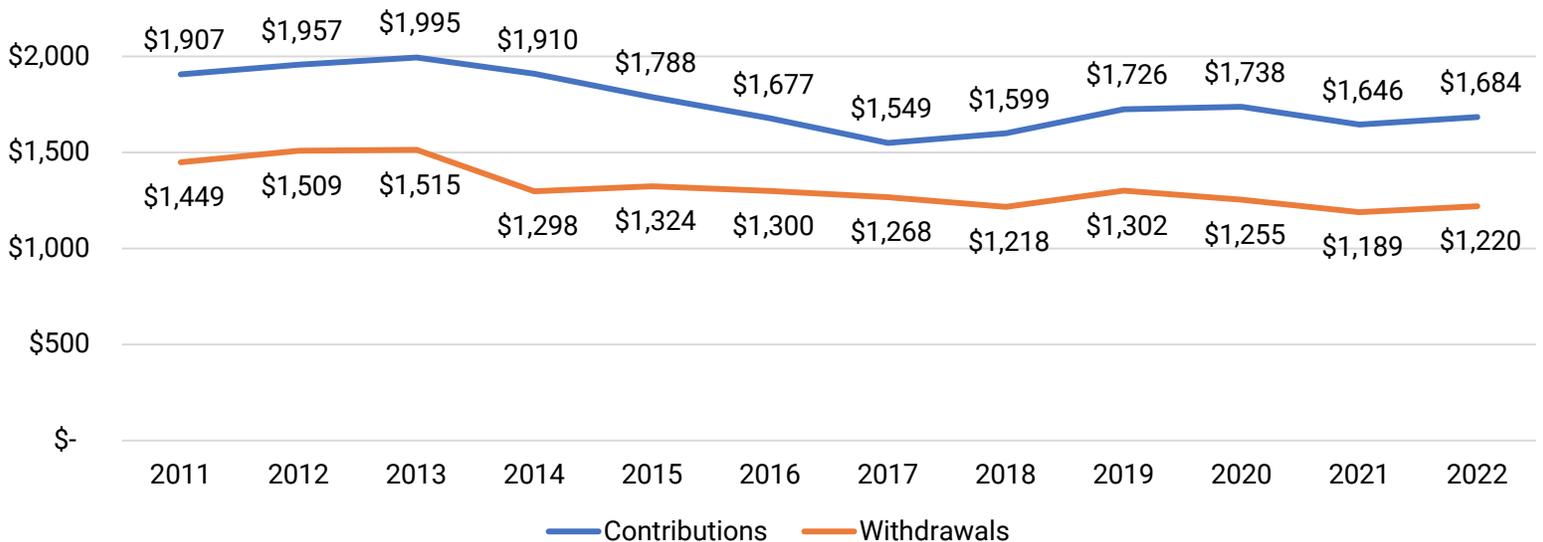
Industry Contributions & Withdrawals
(in billions)



Below is an industry estimate of total contributions and withdrawals for the period 1/1/22 - 12/31/22.

2022 Activity	Contributions	Withdrawals	Retained Assets	% Retained
Estimated Industry Totals	\$47,003,000,000	\$34,051,000,000	\$12,952,000,000	28%

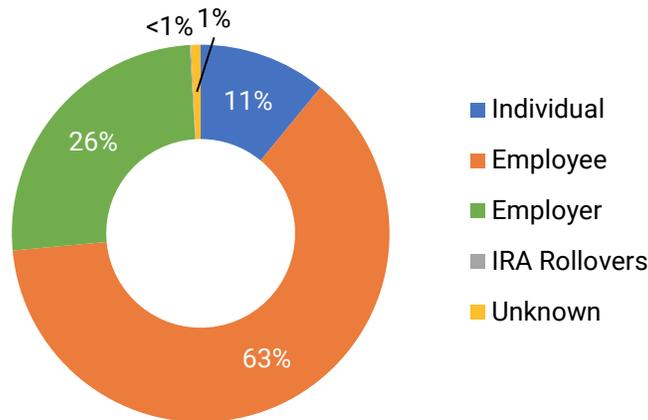
Yearly Contributions & Withdrawals Per Funded Account



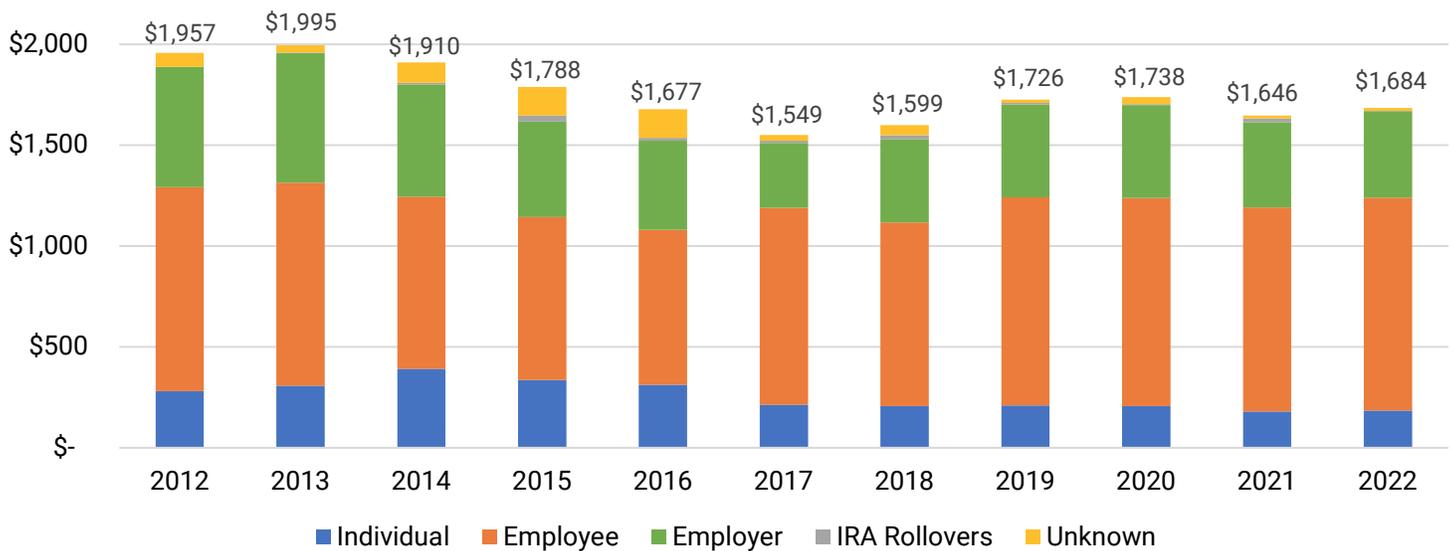
A funded account is defined as an account with a balance greater than \$0 at the end of 2022.

Industry Contributions

Contributions 2022 (\$)



Average Contribution Per Funded Account



2022 Employer Contributions
 26% of all HSA dollars contributed to an account came from an employer.
 The average employer contribution was \$869 (for those making contributions).

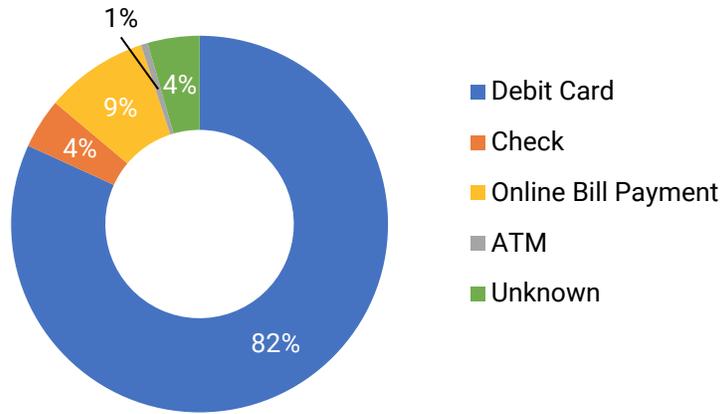
2022 Employee Contributions
 63% of all HSA dollars contributed to an account came from an employee.
 The average employee contribution was \$2,147 (for those making contributions).

2022 Individual Contributions
 11% of all HSA dollars contributed to an account came from an individual account not associated with an employer.
 The average individual contribution was \$2,037 (for those making contributions).

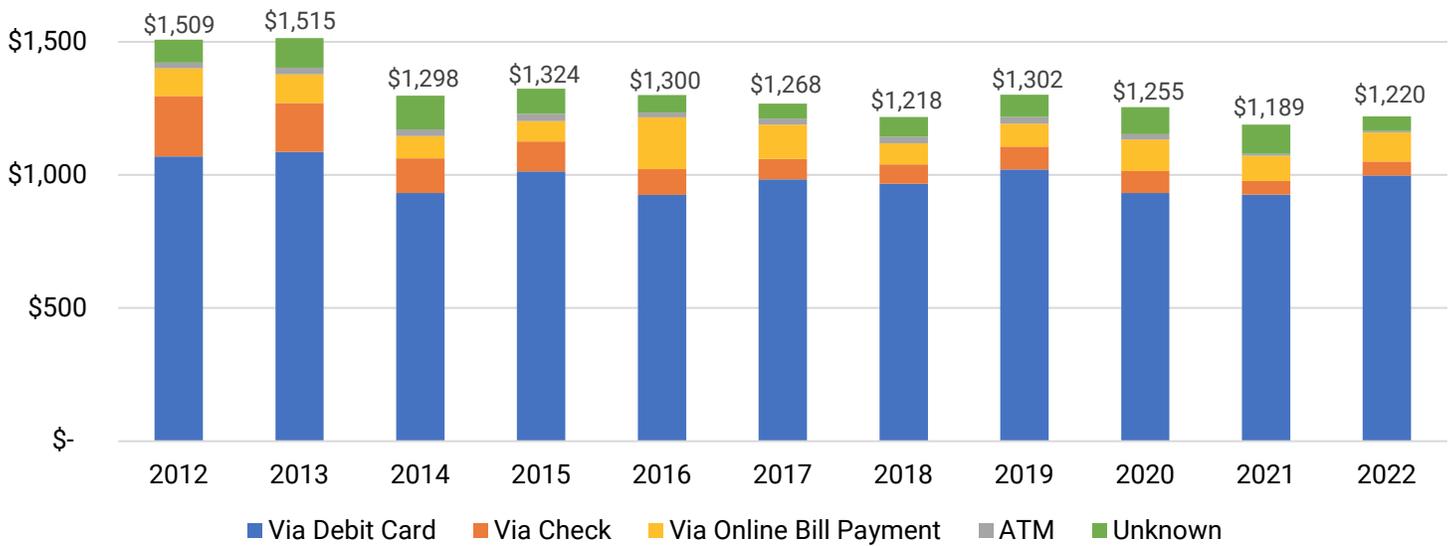
The remaining contributions in 2022 came from IRA rollovers & other sources.

Industry Withdrawals

Withdrawals 2022 (\$)



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.

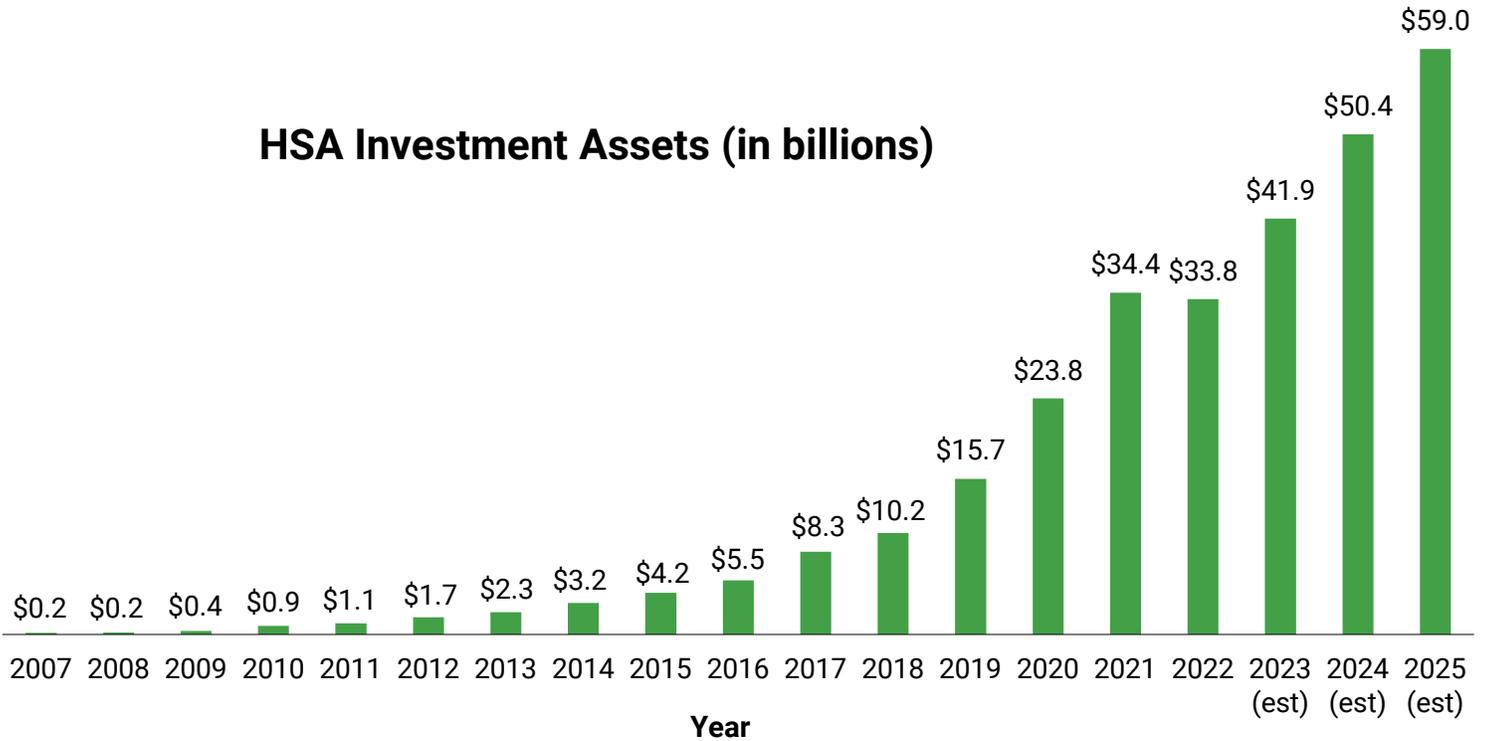
2022	Average Number of Withdrawals Per Account	% Of Total Withdrawals (#)	Average Transaction Size
Debit Card	7.8	90%	\$112
Check	0.1	2%	\$334
Online Bill Pay	0.6	6%	\$170
ATM	0.1	1%	\$126
Unknown	0.2	2%	\$298

Note: Due to rounding, the above table may not total 100%.

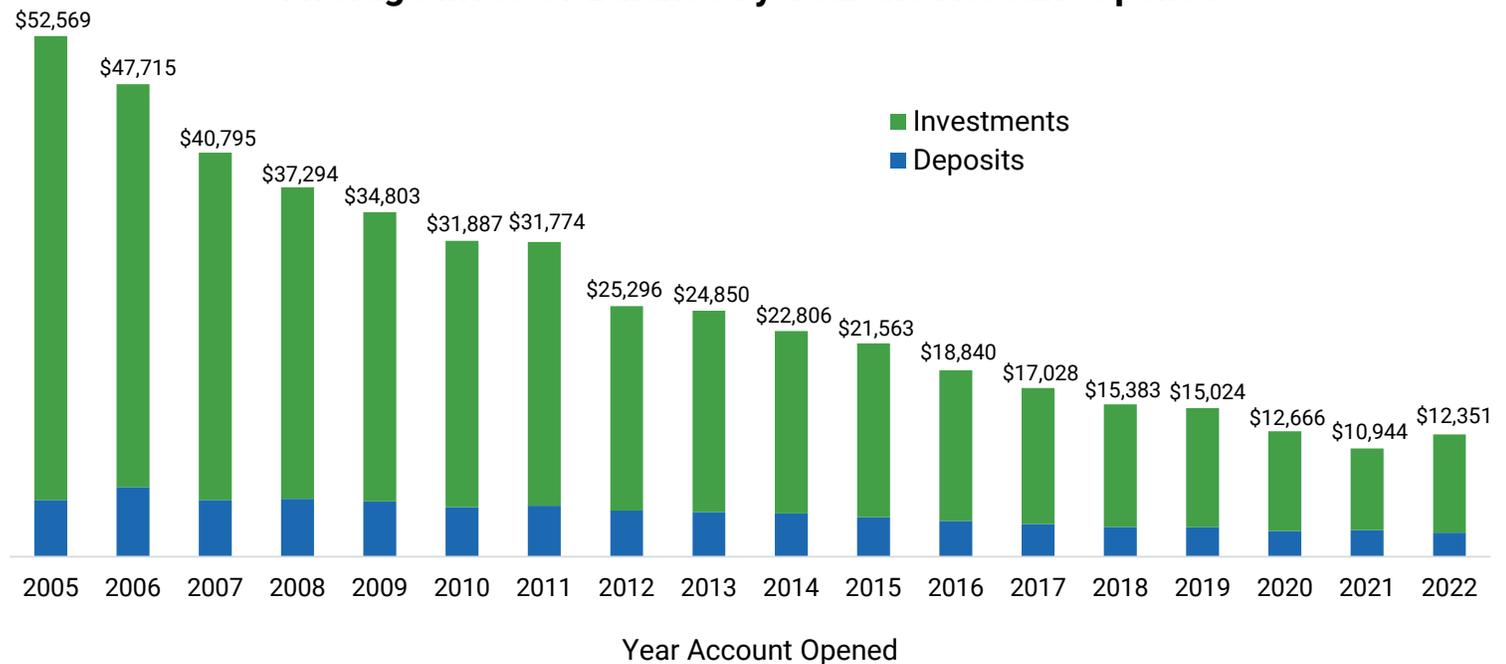
HSA Investments

- **\$33.8 billion** estimated in HSA investment assets as of December 31st, 2022, which is a decrease of 2% year-over-year.
- **32%** of all HSA assets are in investments as of December 31st, 2022.
- **\$16,397** average total balance (deposits and investments combined) for HSA investment accounts, 6.7 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



Looking Forward

HSA providers project HSA industry asset growth of 13% in 2023, while anticipating their own business will grow by 17% 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, as a greater share of HSA assets are held in investments, market movement will make forward looking projections more difficult. Devenir currently projects that the HSA market will approach 43 million accounts by the end of 2025, holding almost \$150 billion in assets.

2023 January Supplement

This section primarily draws data from the January 2023 Supplemental Survey. All year-end survey participants were invited to participate in the January 2023 supplement, with participation varying from small community banks to the largest HSA providers.

Strong HSA asset growth. Buoyed by strong market returns and the influx of January contributions, overall HSA assets soared to \$112.5 billion at the end of January, up 8% since the end of 2022. Accounts grew by almost 4%, with the total number of HSA accounts rising to an estimated 36.9 million.

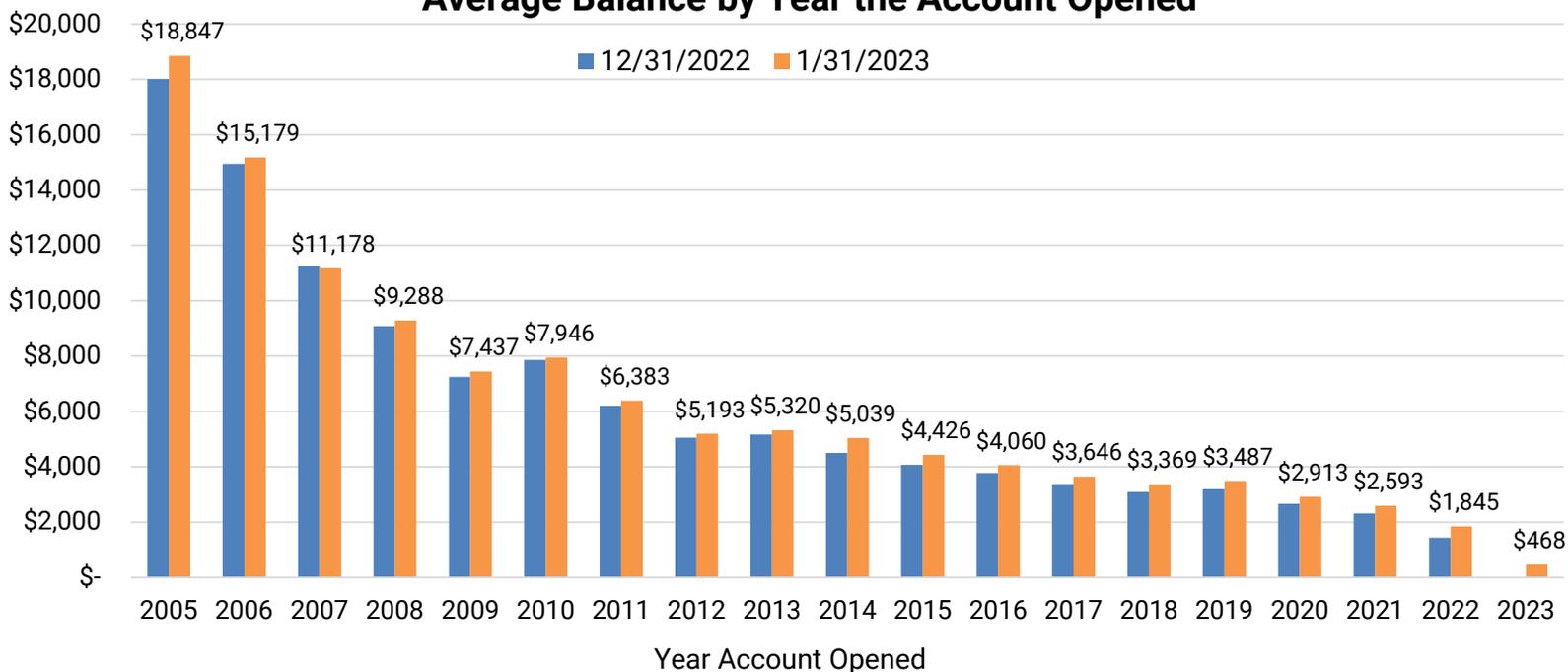
Employers continue to drive January growth. 33% of HSA accounts received an employer contribution during the month of January. Employers contributed 57% of all dollars flowing into HSA accounts during the month of January, with an average contribution of \$514.

Markets provide tailwind for HSA investments.

The S&P 500 Index was up 6.3% during the month of January, helping HSA investment assets grow 9% to almost \$37 billion at the end of January. The number of HSA accounts investing grew steadily by 2% during January to reach 2.6 million accounts.

Fewer unfunded accounts. At the end of 2022, unfunded accounts represented about 21% of all accounts, but by the end of January 2023 that number was down to about 18% of all accounts.

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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