Report Methodology

The majority of this report was derived from the 2023 Midyear Devenir HSA Market Survey. The survey was carried out in mid-2023, and largely consisted of top 100 providers in the health savings account market. All data was requested for the period ending on June 30th, 2023.

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

Robust asset growth. Aided by stock market tailwinds, HSA assets saw strong growth during the first half of 2023. Growth in the number of HSAs slowed. At the midyear point of 2023, there were $116 billion in HSA assets held in almost 36 million accounts, a year-over-year increase of 17% for assets and 6% for accounts.

HSA investment assets soar. After enduring one of the worst stock markets in decades during the first half of 2022, HSA investment assets have seen rapid growth. During the first half of 2023, HSA investment assets grew 20%, totaling $40 billion at the end of June (up 30% from the year prior).

Growth of HSA accounts investing slows. The number of HSAs investing continues to grow but the rapid growth seen over the last few years has slowed. Almost 2.7 million HSAs, representing over 7% of all accounts, have at least a portion of their HSA dollars invested.

Strong contribution and withdrawal activity. Account holders contributed $29 billion to their accounts in the first half of 2023 (up 11% from the year prior) and withdrew $21 billion from their accounts during the first half of 2023 (up 16% from year prior).

HSA Industry Level Account Data

The pace of account growth slowed during the first half of 2023 as we saw the impact of a slowing economy on employment. 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. Halfway through 2023, about 18% of all accounts were unfunded, down from 19% a year ago.
HSAs opened during the first half of 2023 had an average balance of $1,143 at the midyear point, compared to a $1,464 average balance at the midyear point of 2022. We believe that a contributing factor to the higher balance of new accounts in recent years was the reporting of M&A or account transfers from existing accounts as new accounts. In the first half of 2023 we have seen less M&A activity that would result in that new balance being higher.
Industry Contributions and Withdrawals

Below is an industry estimate of total contributions and withdrawals for the period 1/1/23 - 6/30/23.

<table>
<thead>
<tr>
<th>2023 YTD Activity</th>
<th>Contributions</th>
<th>Withdrawals</th>
<th>Retained Assets</th>
<th>% Retained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Industry Totals</td>
<td>$29,220,000,000</td>
<td>$20,893,000,000</td>
<td>$8,327,000,000</td>
<td>28%</td>
</tr>
</tbody>
</table>

First Half of Year Average Contributions & Withdrawals Per Funded Account by Year Account Opened

A funded account is defined as an account with a balance greater than $0 as of 6/30/2023.
**2023 Midyear Devenir HSA Research Report - Executive Summary**

**2023 YTD Employer Contributions**
31% of all HSA dollars contributed to an account came from an employer. The average employer contribution was $726 (for those making contributions).

**2023 YTD Employee Contributions**
57% of all HSA dollars contributed to an account came from an employee. The average employee contribution was $1,327 (for those making contributions).

**2023 YTD 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 $1,957 (for those making contributions).

The remaining contributions in the first half of 2023 came from IRA rollovers & other sources.

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**Contributions 2023 YTD ($)**

- Individual: 11%
- Employee: 57%
- Employer: 31%
- IRA Rollovers: <1%
- Unknown: 1%

**Average Contribution Per Funded Account**

- Individual
- Employee
- Employer
- IRA Rollovers
- Unknown

- 2012: $1,957
- 2013: $1,995
- 2014: $1,910
- 2015: $1,788
- 2016: $1,677
- 2017: $1,549
- 2018: $1,599
- 2019: $1,726
- 2020: $1,738
- 2021: $1,646
- 2022: $1,684
- 2023: $996

The remaining contributions in the first half of 2023 came from IRA rollovers & other sources.
## Industry Withdrawals

### Withdrawals 2023 YTD ($)

![Pie chart showing the distribution of withdrawal types in 2023 YTD.]

- **Debit Card**: 82% (1% of total withdrawals)
- **Check**: 5% (2% of total withdrawals)
- **Online Bill Payment**: 5% (8% of total withdrawals)
- **ATM**: 5% (5% of total withdrawals)
- **Unknown**: 1% (2% of total withdrawals)

### Average Withdrawal Per Funded Account

![Bar chart showing average withdrawal per funded account by year from 2012 to 2023 YTD.]

<table>
<thead>
<tr>
<th>Year</th>
<th>Via Debit Card</th>
<th>Via Check</th>
<th>Via Online Bill Payment</th>
<th>ATM</th>
<th>Unknown</th>
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</thead>
<tbody>
<tr>
<td>2012</td>
<td>$1,509</td>
<td>$499</td>
<td>$302</td>
<td>$1,000</td>
<td>$500</td>
</tr>
<tr>
<td>2013</td>
<td>$1,515</td>
<td>$1,000</td>
<td>$1,255</td>
<td>$1,220</td>
<td>$712</td>
</tr>
<tr>
<td>2014</td>
<td>$1,298</td>
<td>$1,324</td>
<td>$1,300</td>
<td>$1,218</td>
<td>$1,268</td>
</tr>
<tr>
<td>2015</td>
<td>$1,300</td>
<td>$1,202</td>
<td>$1,302</td>
<td>$1,218</td>
<td>$1,268</td>
</tr>
<tr>
<td>2016</td>
<td>$1,268</td>
<td>$1,218</td>
<td>$1,302</td>
<td>$1,218</td>
<td>$1,268</td>
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<tr>
<td>2017</td>
<td>$1,218</td>
<td>$1,302</td>
<td>$1,255</td>
<td>$1,218</td>
<td>$1,268</td>
</tr>
<tr>
<td>2018</td>
<td>$1,302</td>
<td>$1,255</td>
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</tr>
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<td>2021</td>
<td>$1,220</td>
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<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td>$1,268</td>
<td>$1,268</td>
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<tr>
<td>2023 YTD</td>
<td></td>
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<td></td>
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<td>$712</td>
</tr>
</tbody>
</table>

### 2023 YTD

<table>
<thead>
<tr>
<th></th>
<th>Average Number of Withdrawals Per Account</th>
<th>% Of Total Withdrawals (##)</th>
<th>Average Transaction Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit Card</td>
<td>4.5</td>
<td>90%</td>
<td>$122</td>
</tr>
<tr>
<td>Check</td>
<td>0.1</td>
<td>2%</td>
<td>$376</td>
</tr>
<tr>
<td>Online Bill Pay</td>
<td>0.3</td>
<td>6%</td>
<td>$173</td>
</tr>
<tr>
<td>ATM</td>
<td>0.1</td>
<td>1%</td>
<td>$134</td>
</tr>
<tr>
<td>Unknown</td>
<td>0.1</td>
<td>2%</td>
<td>$337</td>
</tr>
</tbody>
</table>

Note: A funded account is defined as an account with a balance greater than $0 as of 6/30/2023.

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

- **$40.5 billion** estimated in HSA investment assets as of June 30th, 2023, which is an increase of 30% year-over-year.
- **35%** of all HSA assets are in investments as of June 30th, 2023.
- **$18,362** average total balance (deposits and investments combined) for HSA investment accounts, 7.3 times larger than an average funded non-investment holder’s account balance.

### HSA Investment Assets (in billions)

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$0.4</td>
<td>$0.9</td>
<td>$1.1</td>
<td>$1.7</td>
<td>$2.3</td>
<td>$3.2</td>
<td>$4.2</td>
<td>$5.5</td>
<td>$8.3</td>
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<td>$34.4</td>
<td>$33.8</td>
<td>$43.2</td>
<td>$51.3</td>
<td>$60.1</td>
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</tbody>
</table>

### Average Investor Balance by Year the Account Opened

- **Year Account Opened**
  - 2005: $59,144
  - 2006: $53,871
  - 2007: $43,854
  - 2008: $43,320
  - 2009: $39,221
  - 2010: $36,622
  - 2011: $36,803
  - 2012: $29,363
  - 2013: $28,211
  - 2014: $26,410
  - 2015: $24,187
  - 2016: $21,085
  - 2017: $19,051
  - 2018: $16,981
  - 2019: $17,333
  - 2020: $15,305
  - 2021: $12,170
  - 2022: $14,226
  - 2023: $10,784
Looking Forward

HSA providers project HSA industry asset growth of 15% in 2023 (up from 13% at the end of 2022), while anticipating their own business will grow by 23% during the same period (up from 17% at the end of 2022). 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 exceed 40 million accounts by the end of 2025, holding over $150 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.

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