

Devenir Research

2023 Year-End HSA Market Statistics & Trends
Executive Summary

report release date: 3.26.2024



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Report Methodology

The majority of this report was derived from the 2023 Year-End Devenir HSA Market Survey. The survey was carried out in early 2024 and all data was requested for the period ending on December 31st, 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

Strong asset growth. Supported by stock market tailwinds, HSA assets saw record growth during 2023. Growth in the number of HSAs slowed. At the end of 2023, there were \$123 billion in HSA assets held in over 37 million accounts, a year-over-year increase of 19% for assets and 5% for accounts.

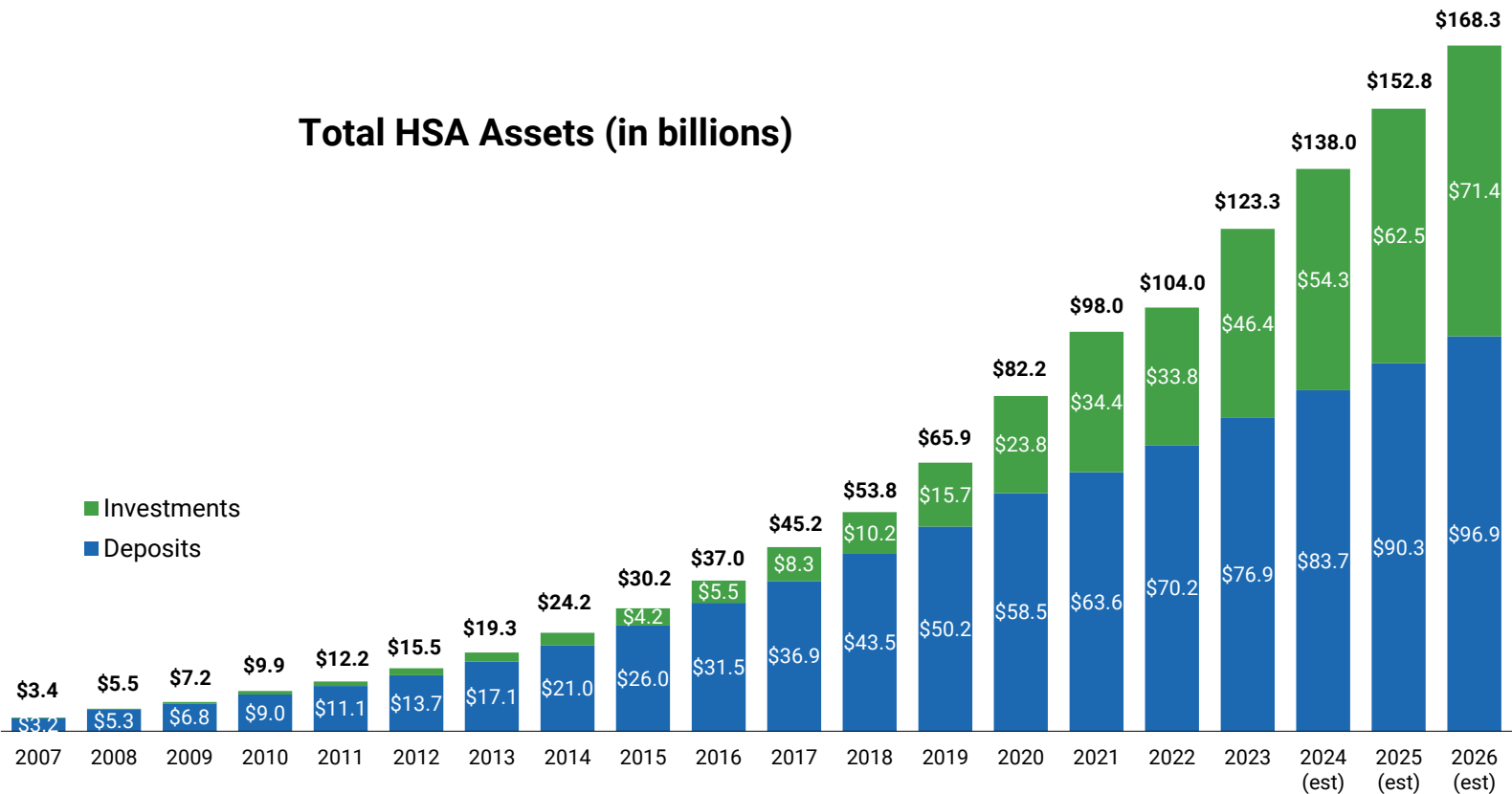
HSA investment assets continue to rebound.

After enduring one of the worst stock markets in decades during the first half of 2022, HSA investment assets have seen rapid growth. During 2023 HSA investment assets grew 37%, totaling \$46 billion at the end of the year.

Growth of HSA accounts investing remains steady. The number of HSAs investing continues to grow but the rapid growth seen over the last few years has slowed. About 2.9 million HSAs, representing almost 8% of all accounts, have at least a portion of their HSA dollars invested.

Increase in withdrawal activity. Account holders contributed \$50 billion to their accounts in 2023 (up 7% from the year prior) and withdrew \$39 billion from their accounts during 2023 (up 13% from year prior).

Total HSA Assets (in billions)

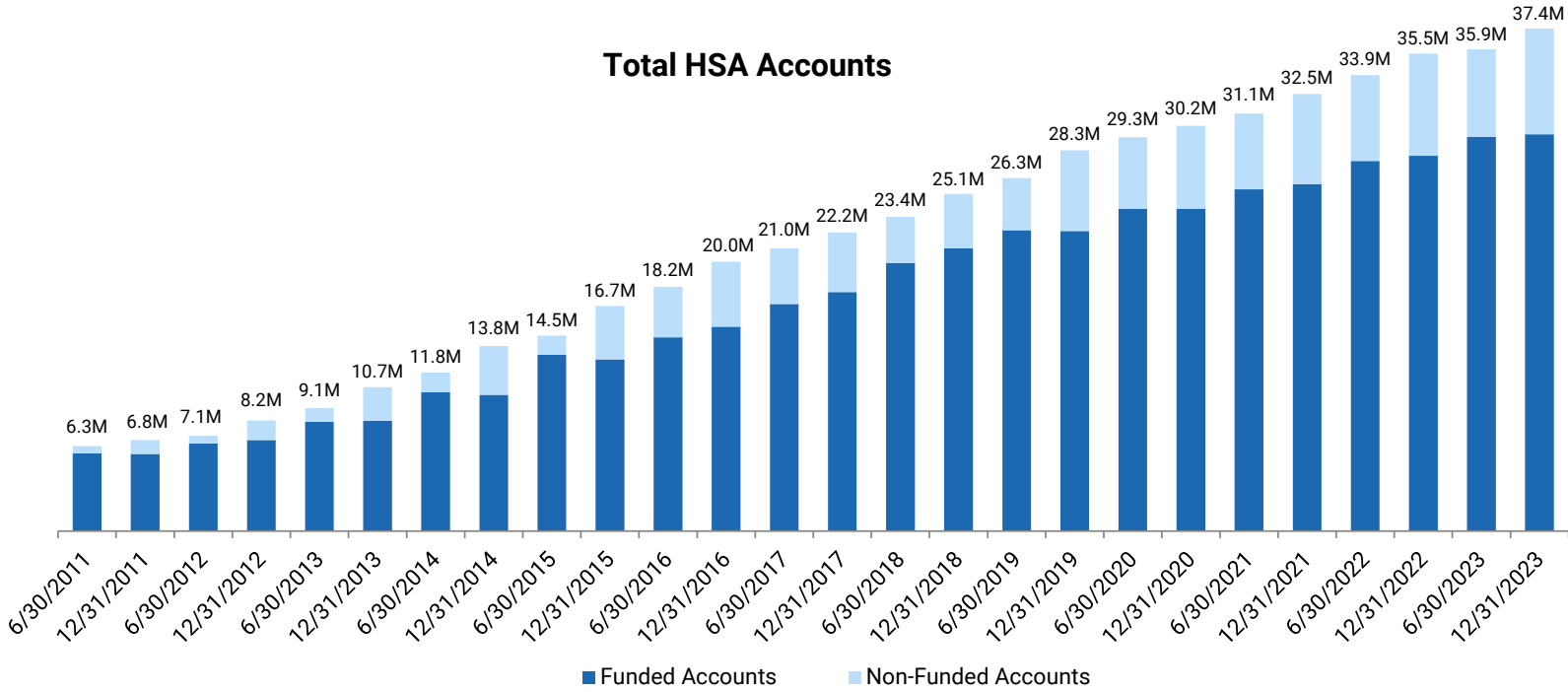


Source: Estimates derived from 2023 Year-End Devenir HSA Market Survey, press releases, previous market research, and market growth rates.

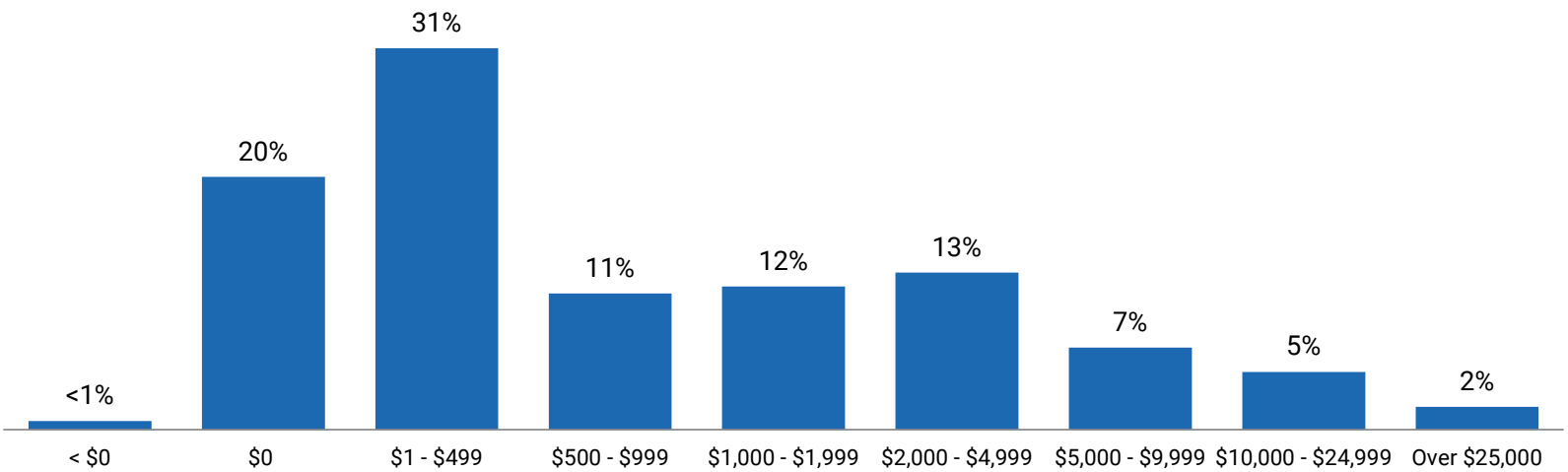
HSA Industry Level Account Data

The pace of account growth continued to slow during 2023. There continues to be 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 2023, about 21% of all accounts were unfunded, unchanged from a year ago.

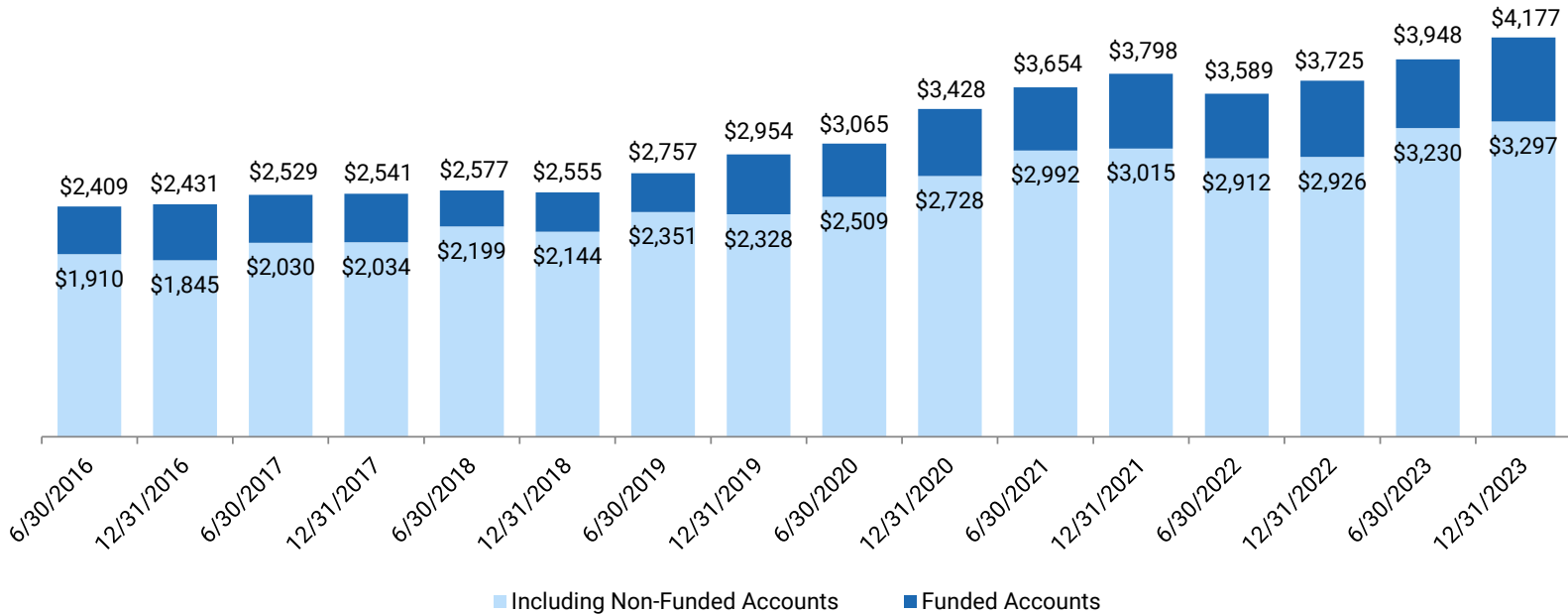
Total HSA Accounts



Health Savings Account Balance Distribution

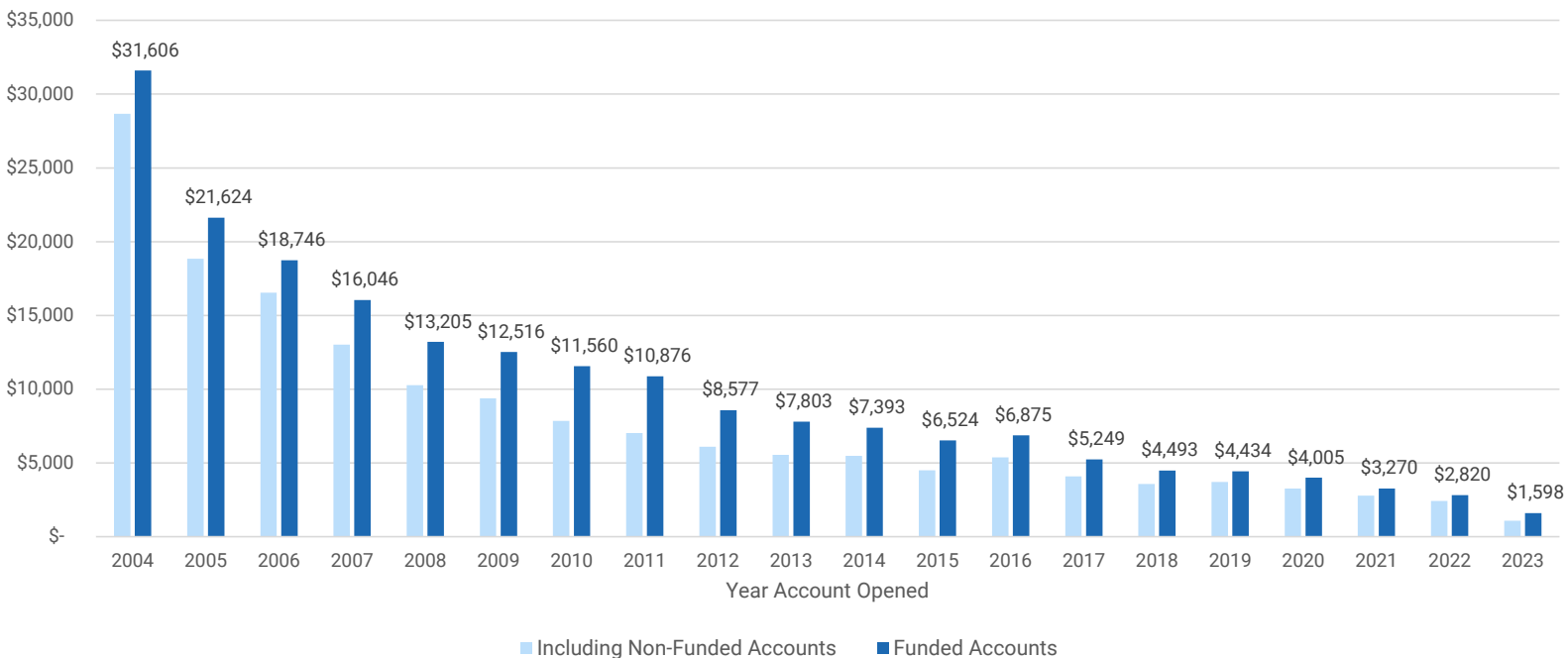


Average Account Balance



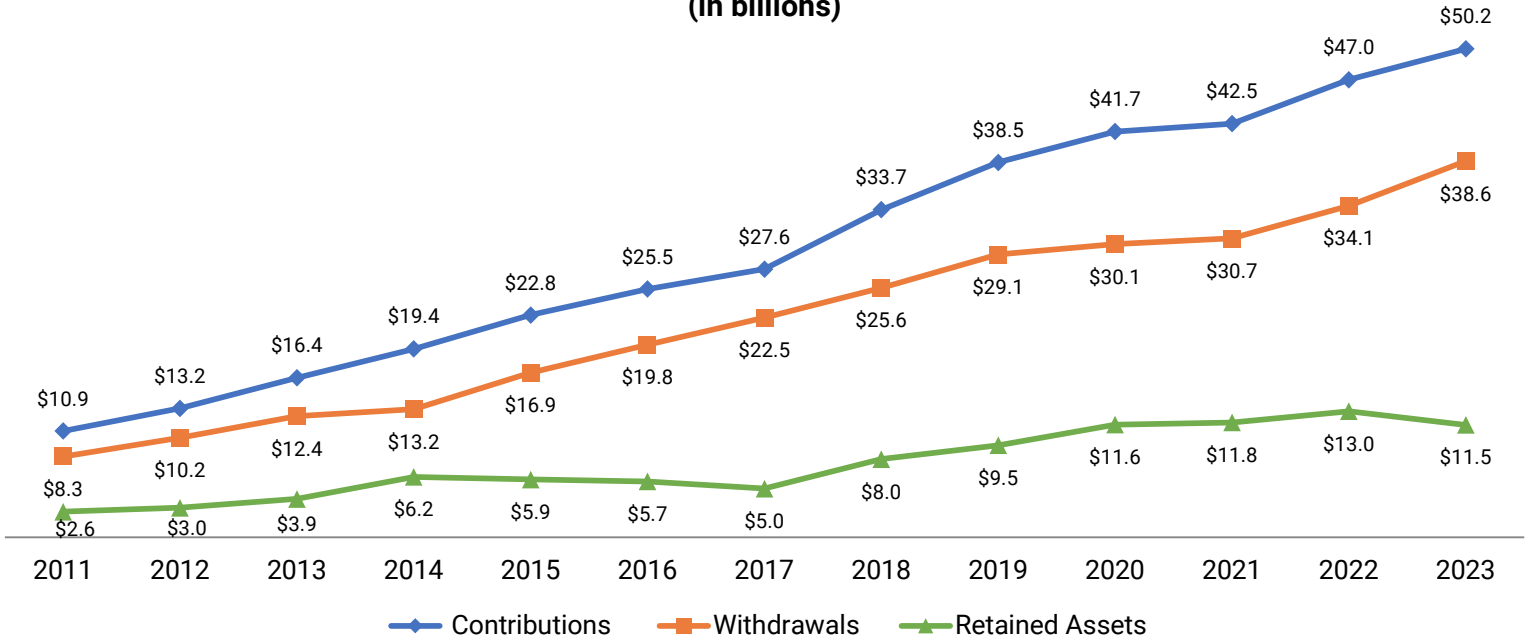
HSAs opened during 2023 had an average balance of \$1,598 at the end of the year, compared to a \$1,436 average balance at the end of 2022 for accounts opened in 2022. We believe that a contributing factor to the higher balance of new accounts in recent years was the reporting of M&A or account transfers from existing accounts as new accounts.

Average Balance by Year the Account Opened



Industry Contributions and Withdrawals

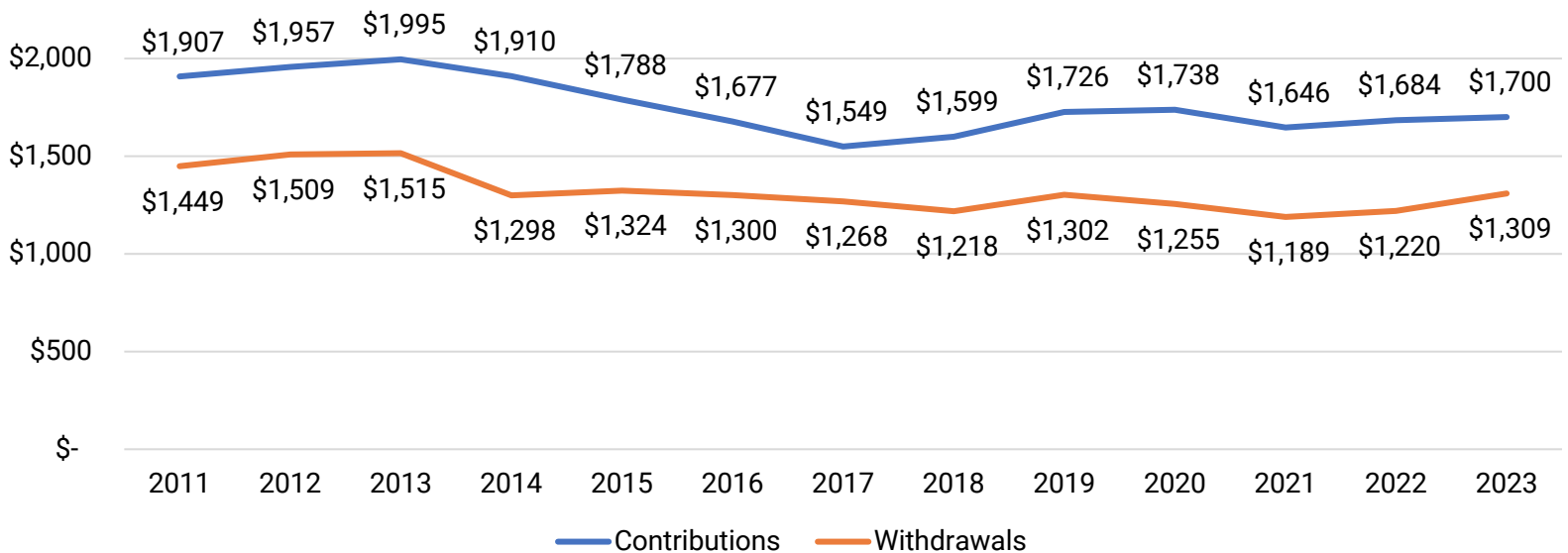
Industry Contributions & Withdrawals
(in billions)



Below is an industry estimate of total contributions and withdrawals for the period 1/1/23 - 12/31/23.

2023 Activity	Contributions	Withdrawals	Retained Assets	% Retained
Estimated Industry Totals	\$50,181,000,000	\$38,632,000,000	\$11,549,000,000	23%

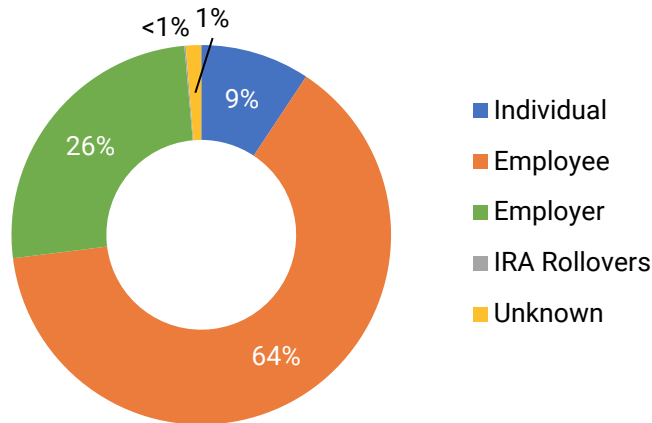
Yearly Contributions & Withdrawals Per Funded Account



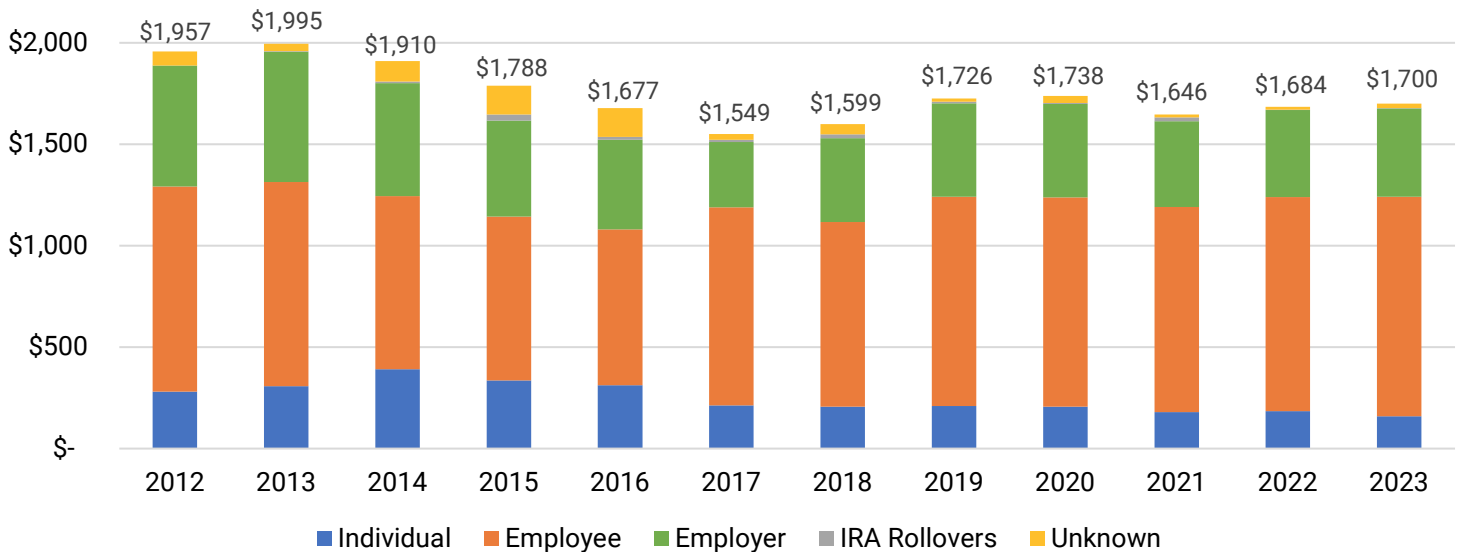

A funded account is defined as an account with a balance greater than \$0 as of 12/31/2023

Industry Contributions


Contributions 2023 (\$)




Average Contribution Per Funded Account

2023 Employer Contributions
 26% of all HSA dollars contributed to an account came from an employer.
 The average employer contribution was \$929 (for those making contributions).



2023 Employee Contributions
 64% of all HSA dollars contributed to an account came from an employee.
 The average employee contribution was \$2,269 (for those making contributions).

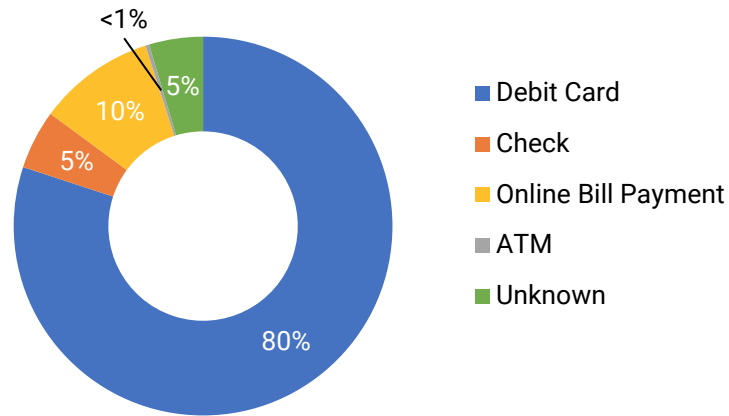


2023 Individual Contributions
 9% of all HSA dollars contributed to an account came from an individual account not associated with an employer.
 The average individual contribution was \$2,368 (for those making contributions).

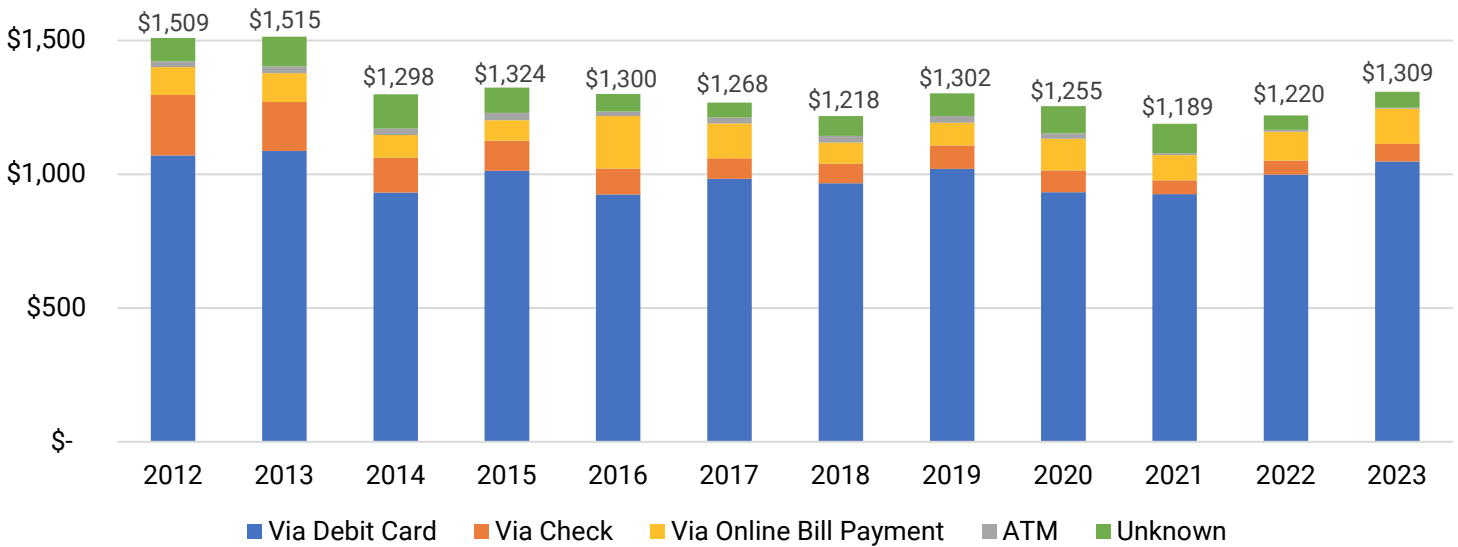
The remaining contributions in 2023 came from IRA rollovers & other sources.

Industry Withdrawals

Withdrawals 2023 (\$)



Average Withdrawal Per Funded Account



A funded account is defined as an account with a balance greater than \$0 as of 12/31/2023.

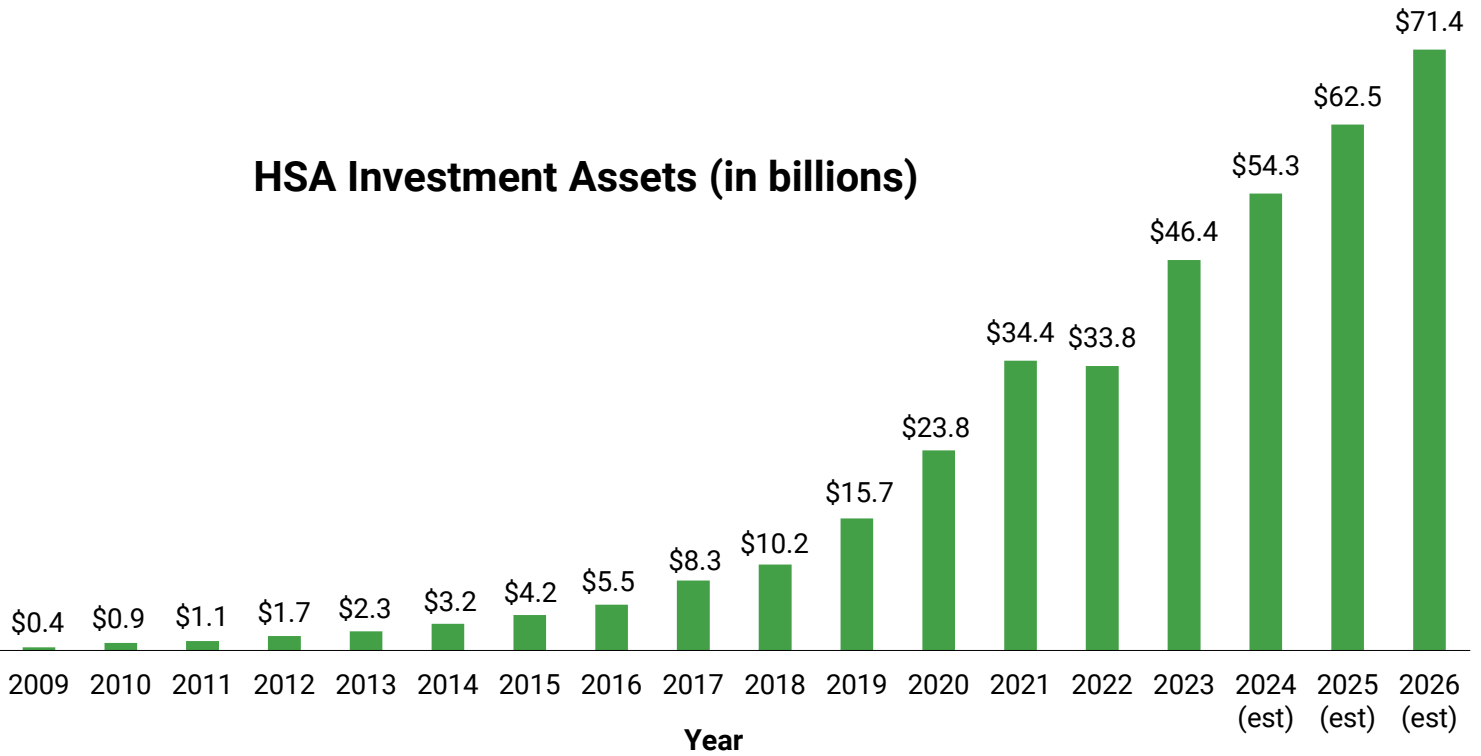
2023	Average Number of Withdrawals Per Account	% Of Total Withdrawals (#)	Average Transaction Size
Debit Card	6.8	90%	\$132
Check	0.1	1%	\$625
Online Bill Pay	0.5	6%	\$231
ATM	0.1	<1%	\$129
Unknown	0.2	2%	\$330

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

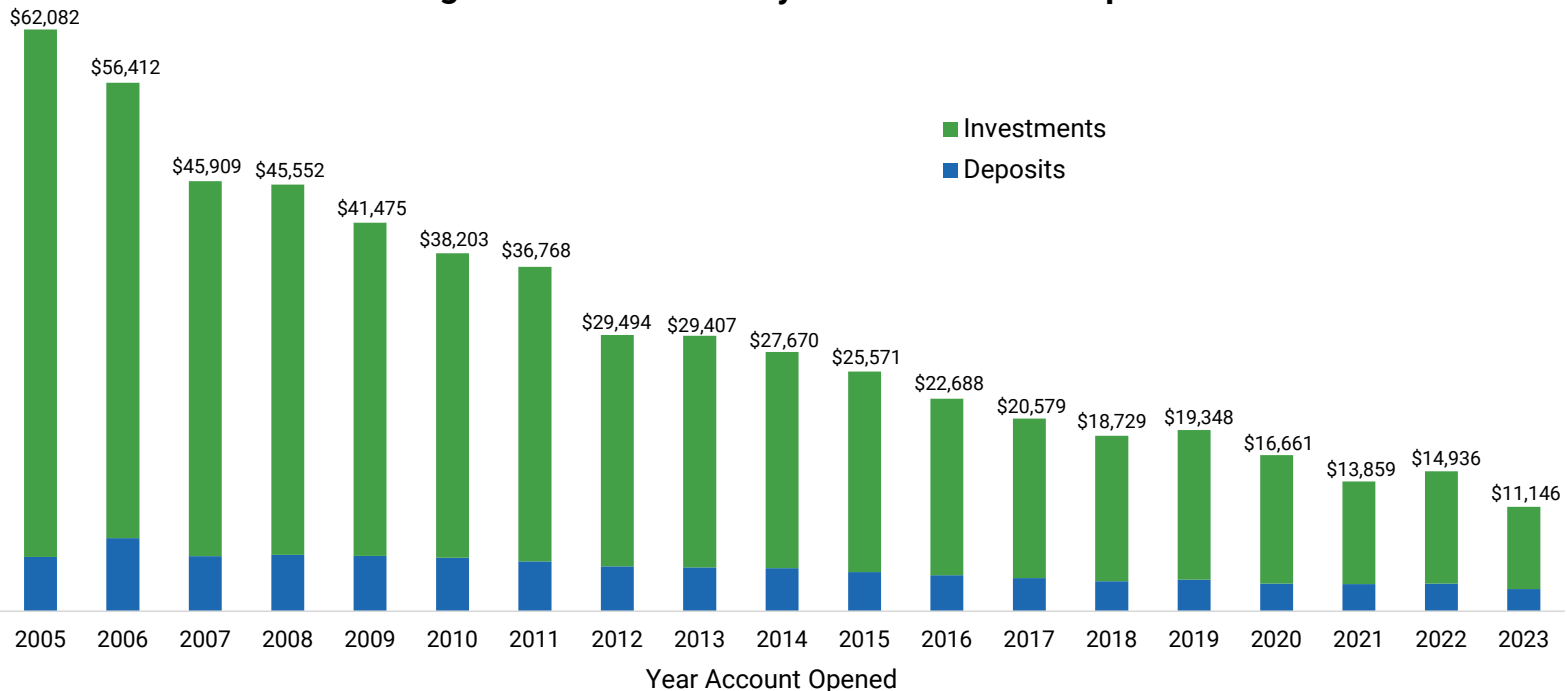
HSA Investments

- **\$46.4 billion** estimated in HSA investment assets as of December 31st, 2023, which is an increase of 37% year-over-year.
- **38%** of all HSA assets are in investments as of December 31st, 2023.
- **\$19,212** average total balance (deposits and investments combined) for HSA investment accounts, 7.6 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 14% in 2024, 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, 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 44 million accounts by the end of 2026, holding \$168 billion in assets.

2024 January Supplement

This section primarily draws data from the January 2024 Supplemental Survey, which all year-end survey participants were invited to participate in. The supplemental survey was carried out in February and all data was requested for the period ending on January 31st, 2024

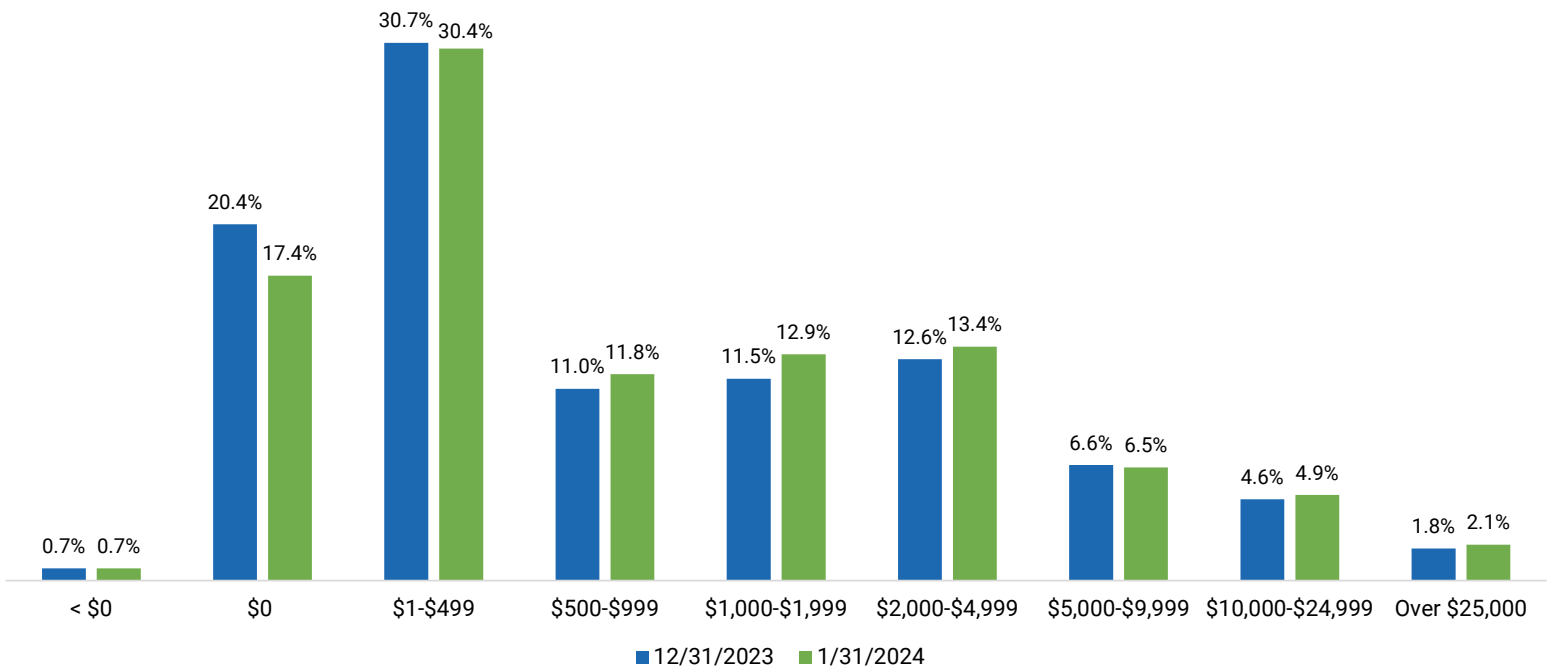
Solid HSA asset growth. Buoyed by market returns and the influx of January contributions, overall HSA assets jumped to \$128.8 billion at the end of January, up 4% since the end of 2023. Accounts grew by almost 3%, with the total number of HSA accounts rising to an estimated 38.4 million.

Employers continue to drive January growth. 32% of HSA accounts received an employer contribution during the month of January. Employers contributed 56% of all dollars flowing into HSA accounts during the month of January, with an average contribution of \$539.

Steady growth in HSA investments. The S&P 500 Index was up 1.7% during the month of January, helping HSA investment assets grow 4% to over \$48 billion at the end of January. The number of HSA accounts investing grew by 3% during January to reach 3 million accounts.

Fewer unfunded accounts. At the end of 2023, unfunded accounts represented about 21% of all accounts, but by the end of January 2024 that number was down to about 18% of all accounts.

Health Savings Account Balance Distribution



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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