

Devenir Research

2021 Midyear HSA Market Statistics & Trends
Executive Summary

report release date: 9.16.2021



Table of Contents

Key Findings	3
HSA Industry Level Account Data	4
Industry Contributions and Withdrawals	6
HSA Investments.....	9
Looking Forward.....	10
About Devenir.....	11

Report Methodology

The majority of this report was derived from the 2021 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 primarily in July 2021, and largely consisted of top 100 providers in the health savings account market. All data was requested for the period ending on June 30th, 2021.

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

Strong HSA asset growth. Led by strong investment growth, health savings accounts grew to \$92.9 billion in assets held in over 31 million accounts, a year-over-year increase of 26% for assets and 6% for health savings accounts for the period ended June 30th, 2021.

HSA investment asset growth doesn't slow down. Fueled by continued strong market gains, HSA investment assets soared to an estimated \$30.4 billion at the end of June, up 73% year-over-year. On average, investment account holders hold a \$17,954 total balance (deposits and investments combined).

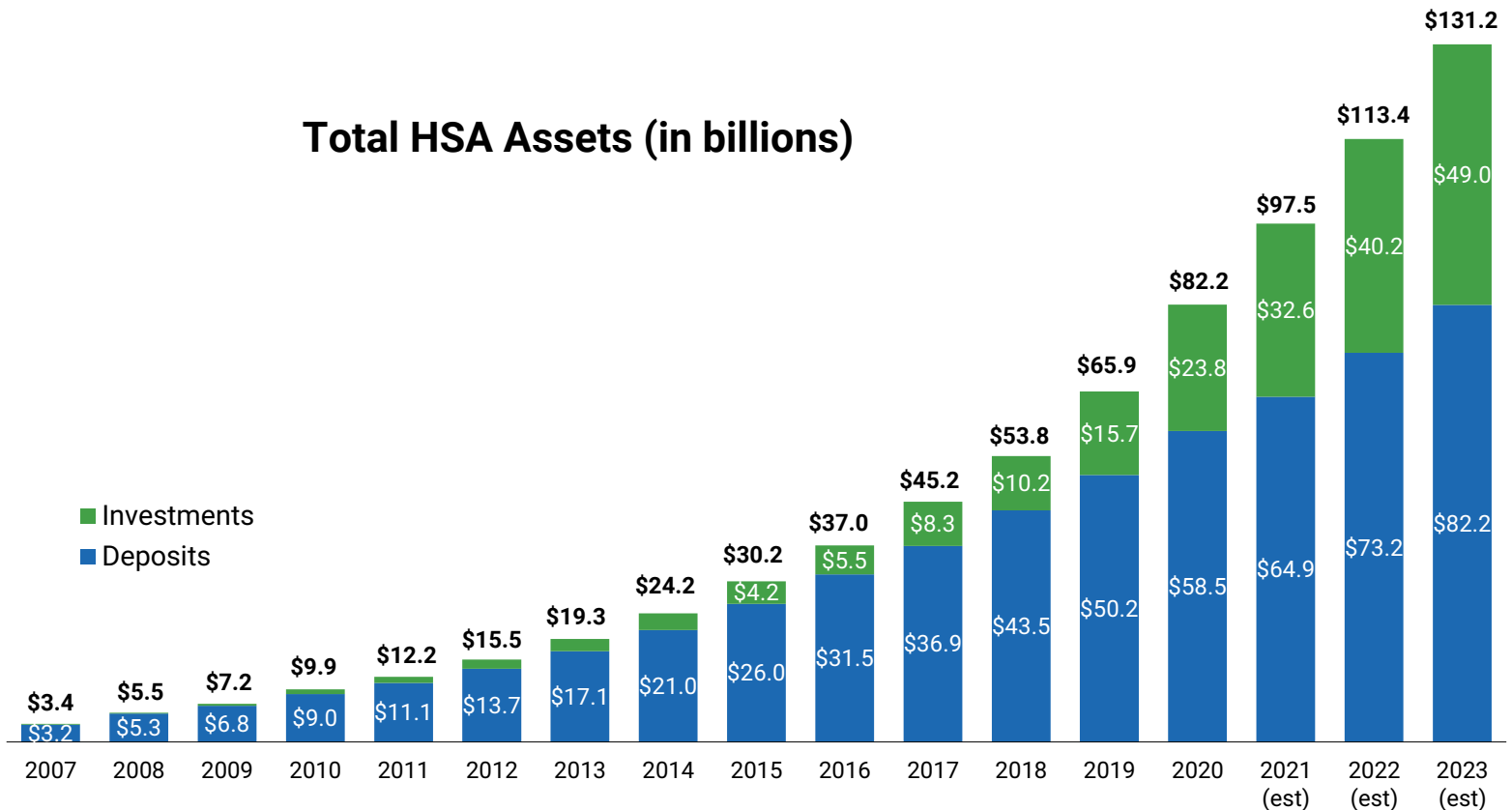
Interest in HSA investing continues to grow.

There are now almost 2 million accounts that are investing a portion of their HSA dollars, representing over 6% of all accounts.

HSA contribution and withdrawal growth flat.

Account holders contributed almost \$24 billion to their accounts in the first half of 2021 (up 1% from the year prior) and withdrew \$16 billion from their accounts in the first half of 2021 (down 1% from year prior).

Total HSA Assets (in billions)

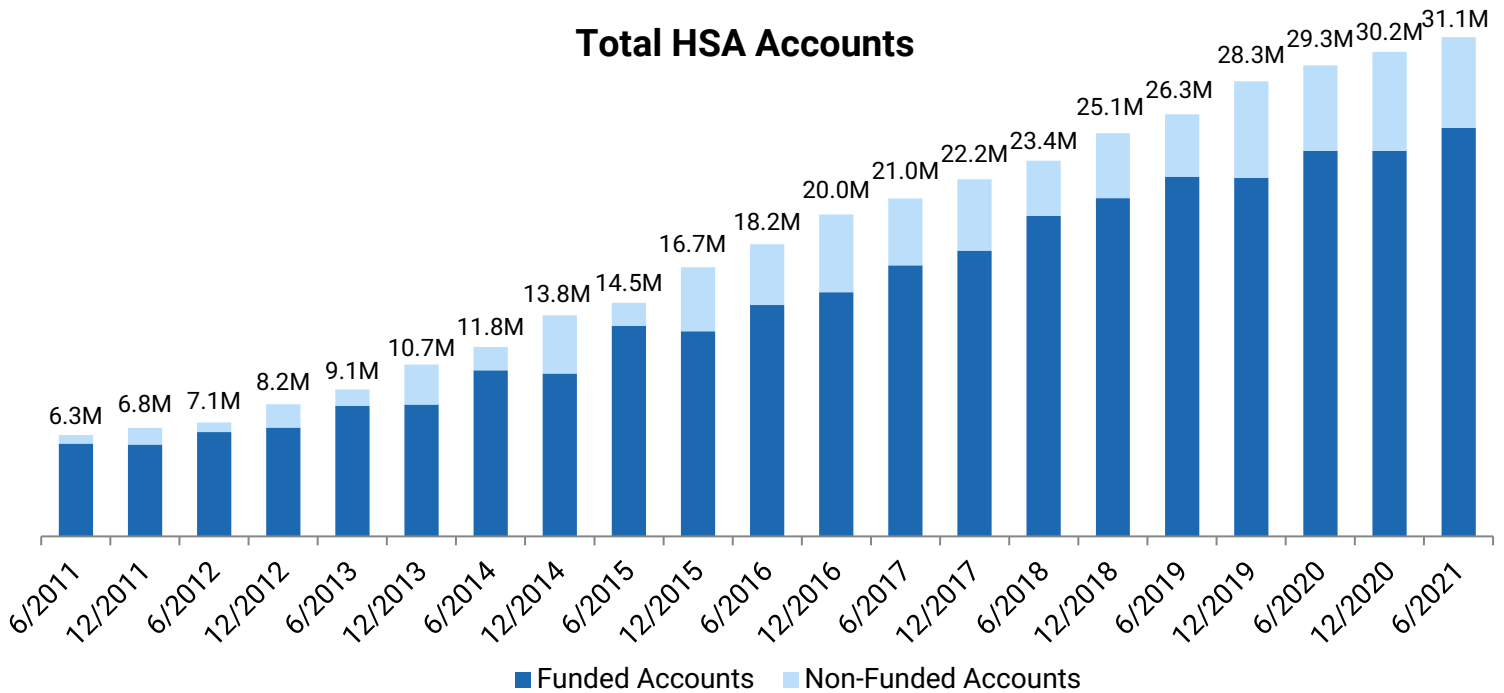


Source: Estimates derived from 2021 Midyear Devenir HSA Market Survey, press releases, previous market research, and market growth rates.

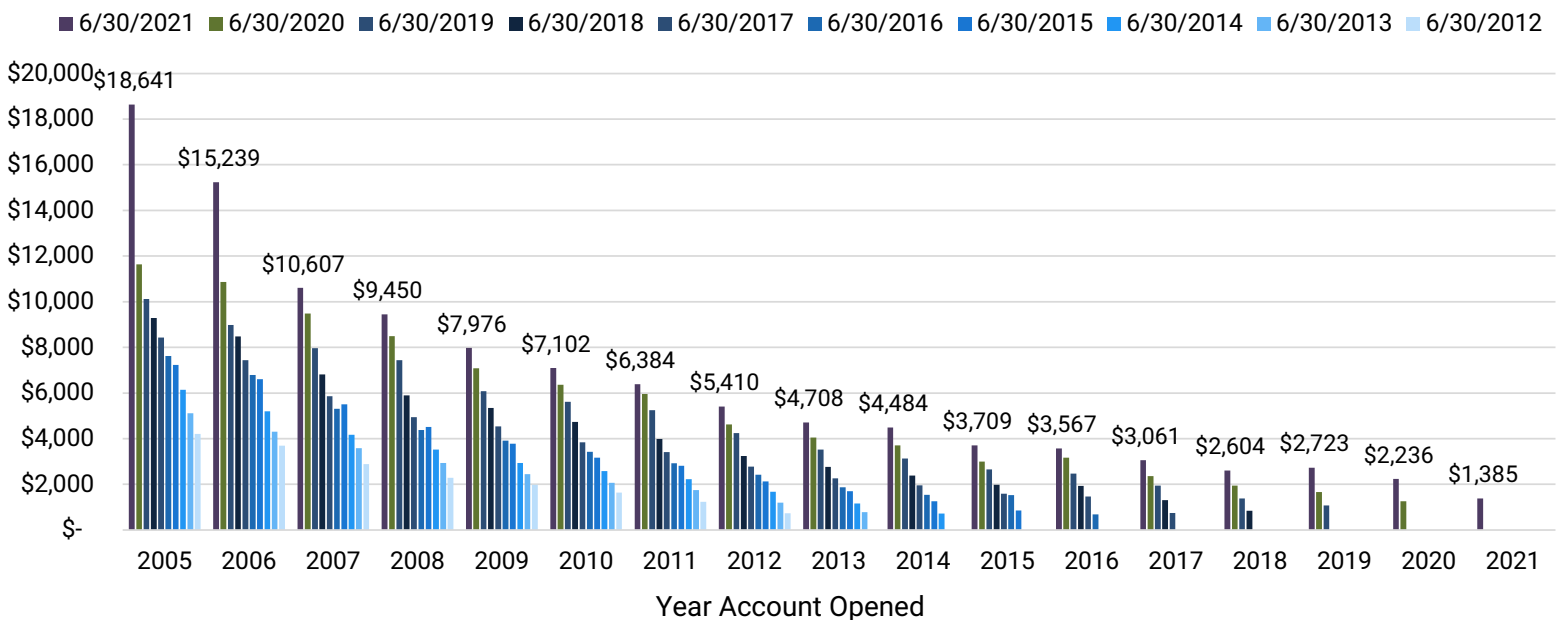
HSA Industry Level Account Data

Due in part to headwinds created by the COVID-19 pandemic and the related impacts to the employment market, account growth slowed in 2020 and this has continued to lag during the first half of 2021. 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 2021, about 18% of all accounts were unfunded, unchanged from a year ago.

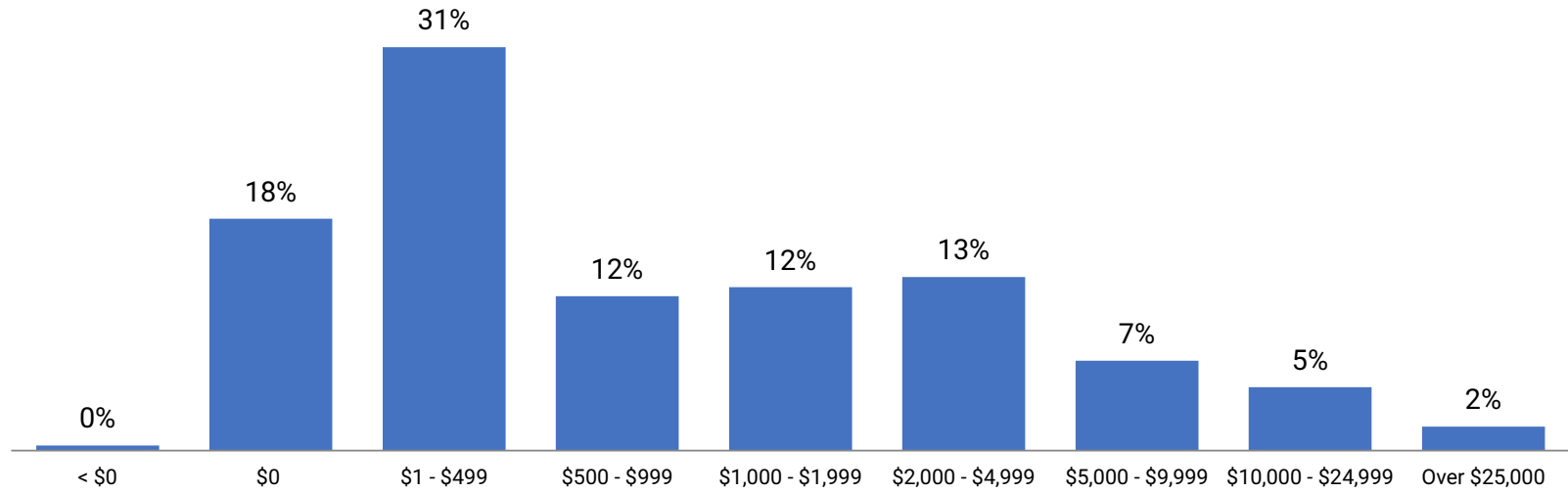
Total HSA Accounts



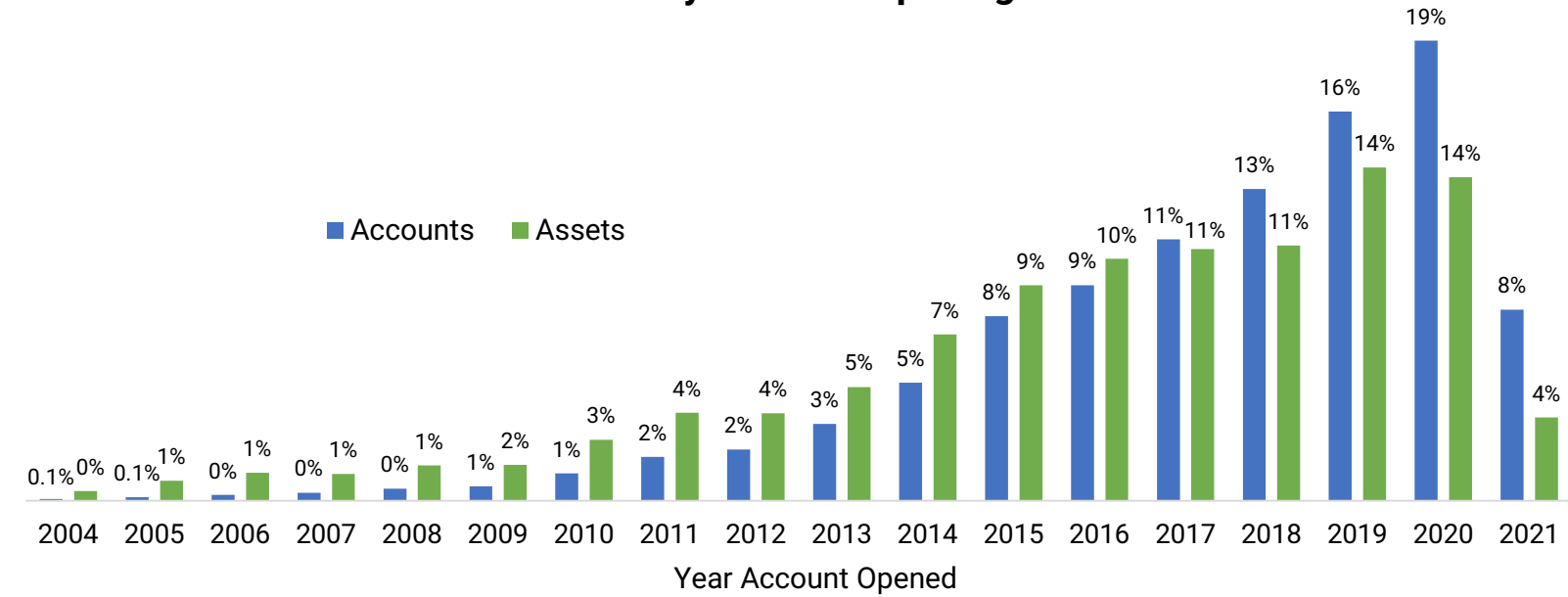
Average Balance By Year The Account Opened



Health Savings Account Balance Distribution

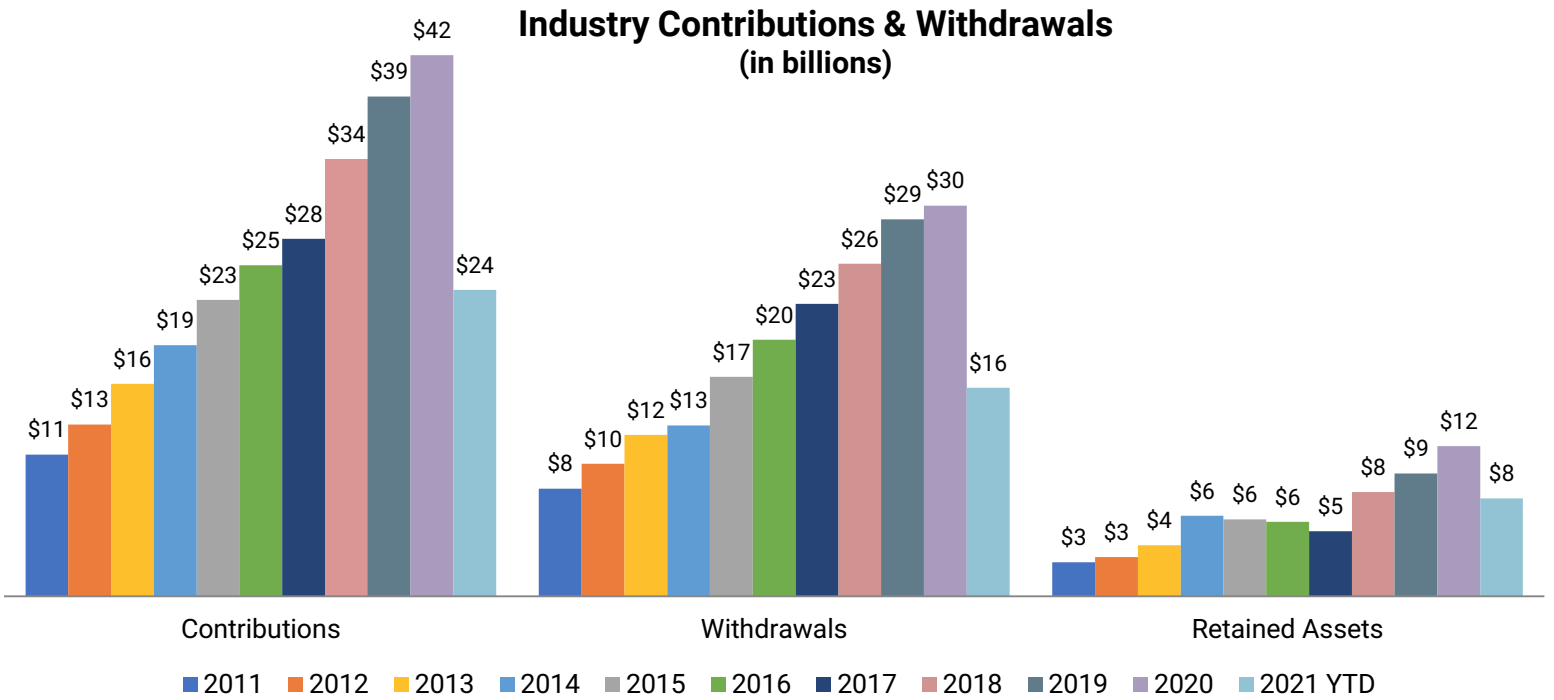


Distribution By Account Opening Date



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.

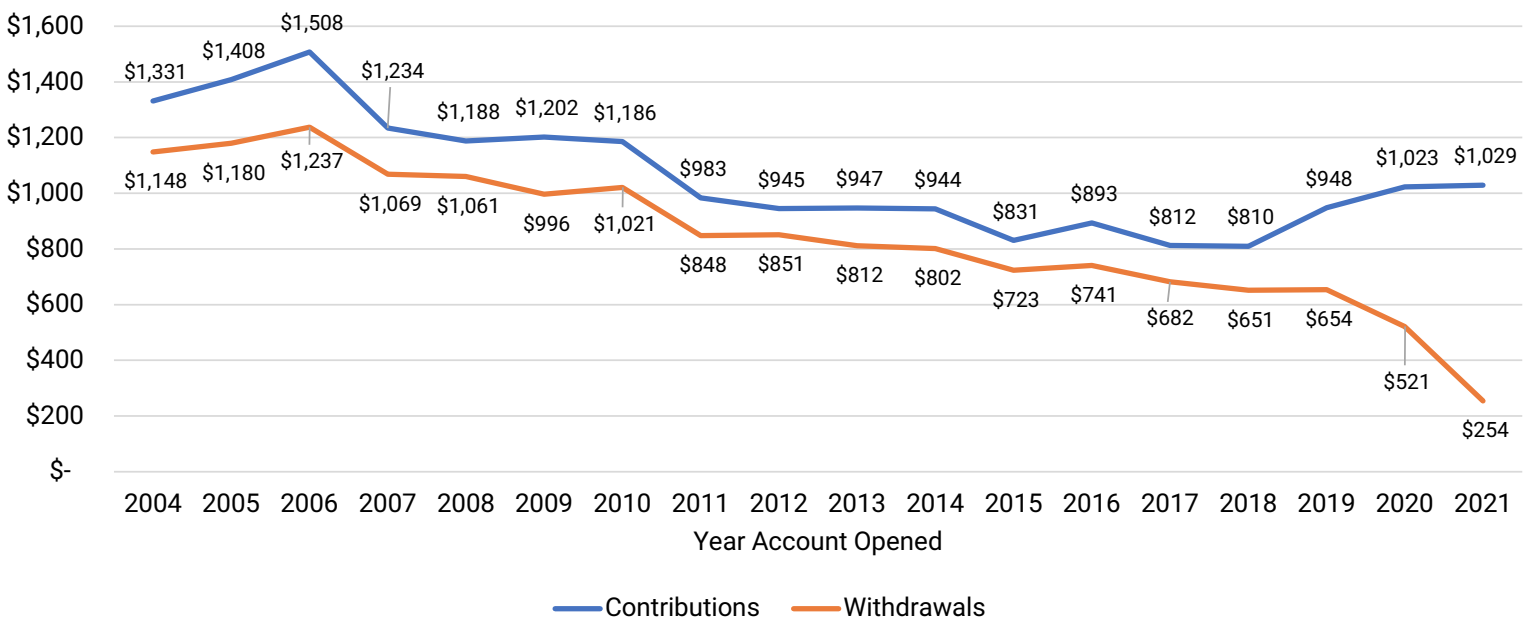
Industry Contributions and Withdrawals



Below is an industry estimate of total contributions and withdrawals for the period 1/1/21 - 6/30/21.

2021 YTD Activity	Contributions	Withdrawals	Retained Assets	% Retained
Estimated Industry Totals	\$23,743,000,000	\$16,161,000,000	\$7,583,000,000	32%

First Half 2021 Contributions & Withdrawals Per Funded Account



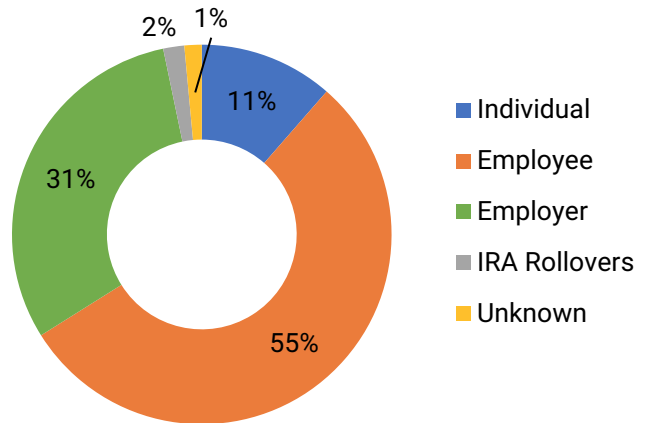
A funded account is defined as an account with a balance greater than \$0 at the midyear.

Industry Contributions

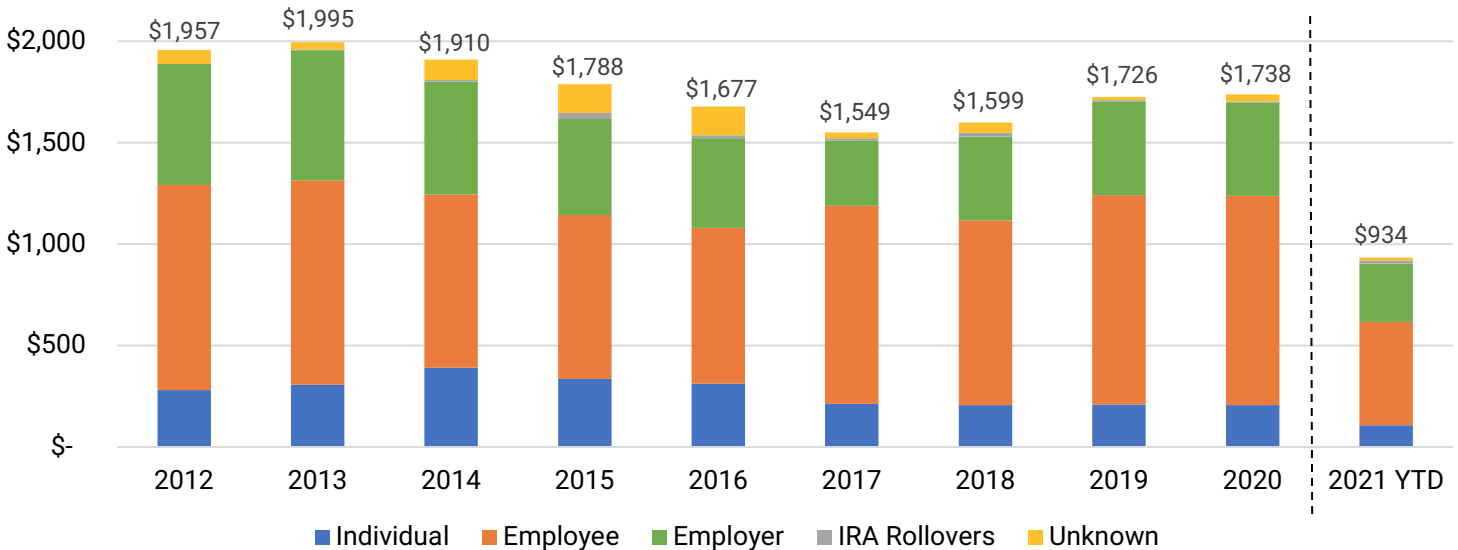
46%

of accounts contributed more than they withdrew in first half of 2021.

Contributions 2021 YTD (\$)



Average Contribution Per Funded Account



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

2021 YTD Employer Contributions
31% of all HSA dollars contributed to an account came from an employer.
 The average employer contribution was **\$658** (for those making contributions).

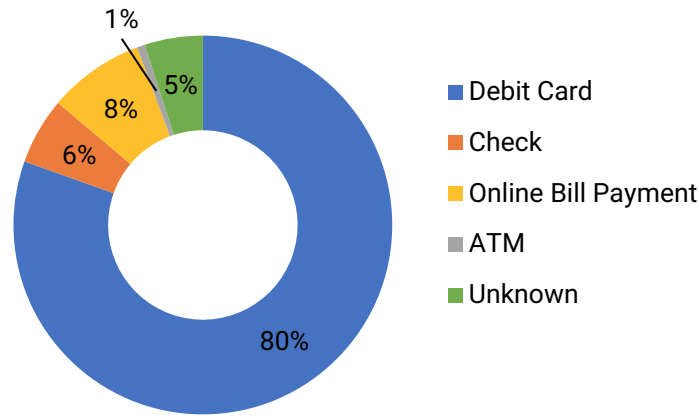
2021 YTD Employee Contributions
55% of all HSA dollars contributed to an account came from an employee.
 The average employee contribution was **\$1,184** (for those making contributions).

2021 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 **\$1,762** (for those making contributions).

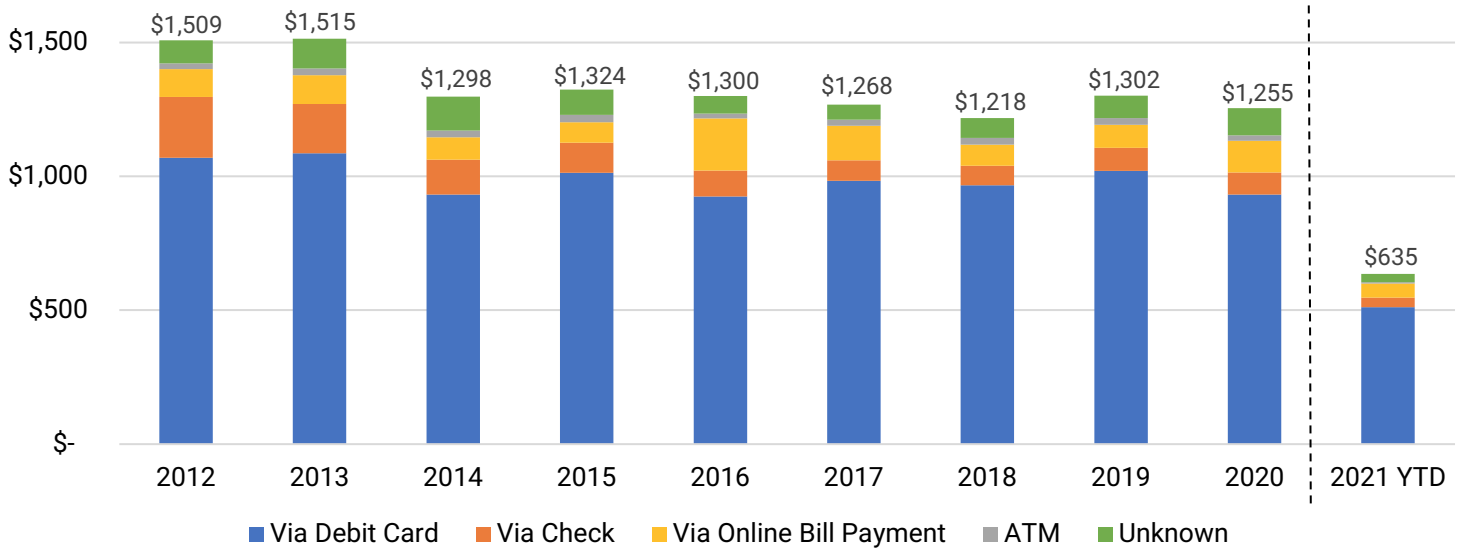
The remaining contributions in the first half of 2021 came from IRA rollovers & other sources.

Industry Withdrawals

Withdrawals 2021 YTD (\$)



Average Withdrawal Per Funded Account



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

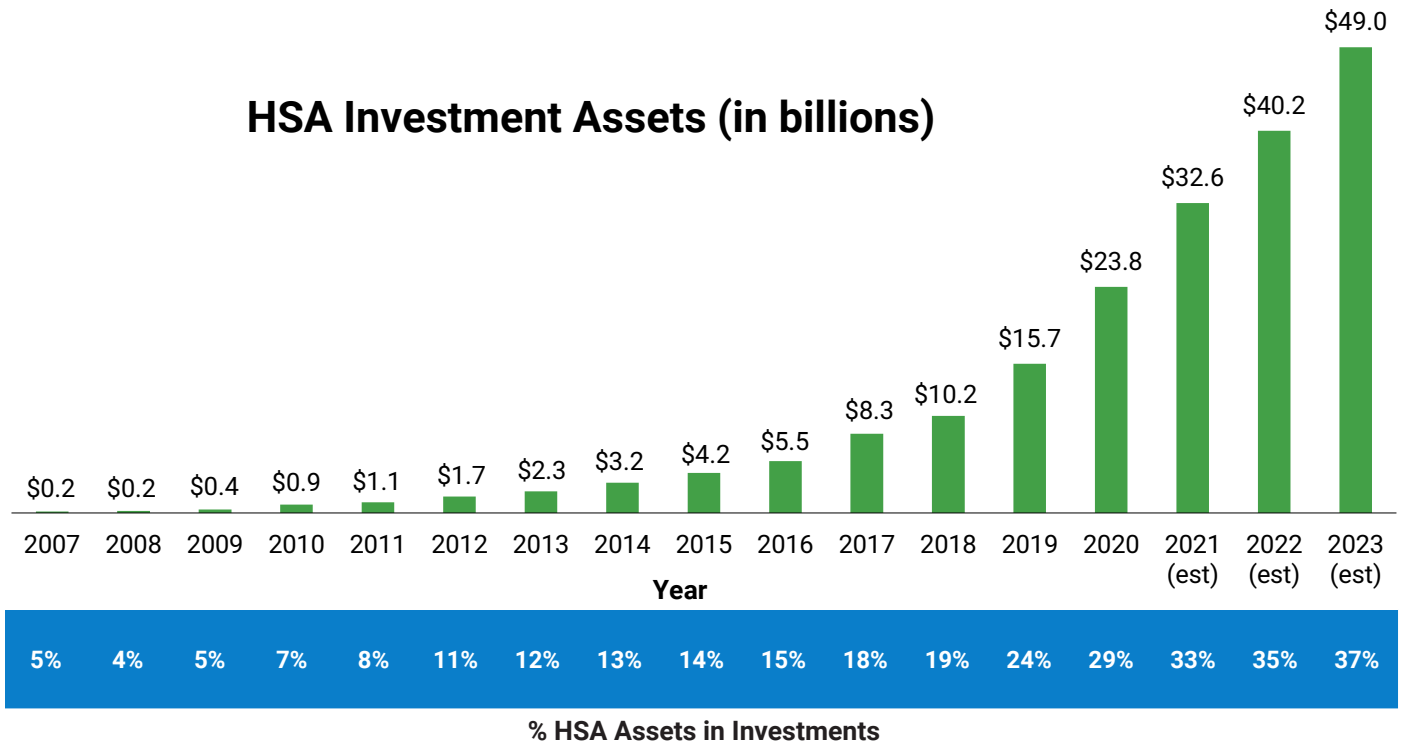
2021 YTD

	Average Number of Withdrawals Per Account	% Of Total Withdrawals (#)	Average Transaction Size
Debit Card	4.1	87%	\$118
Check	0.1	3%	\$259
Online Bill Pay	0.3	7%	\$158
ATM	0.1	1%	\$132
Unknown	0.2	3%	\$191

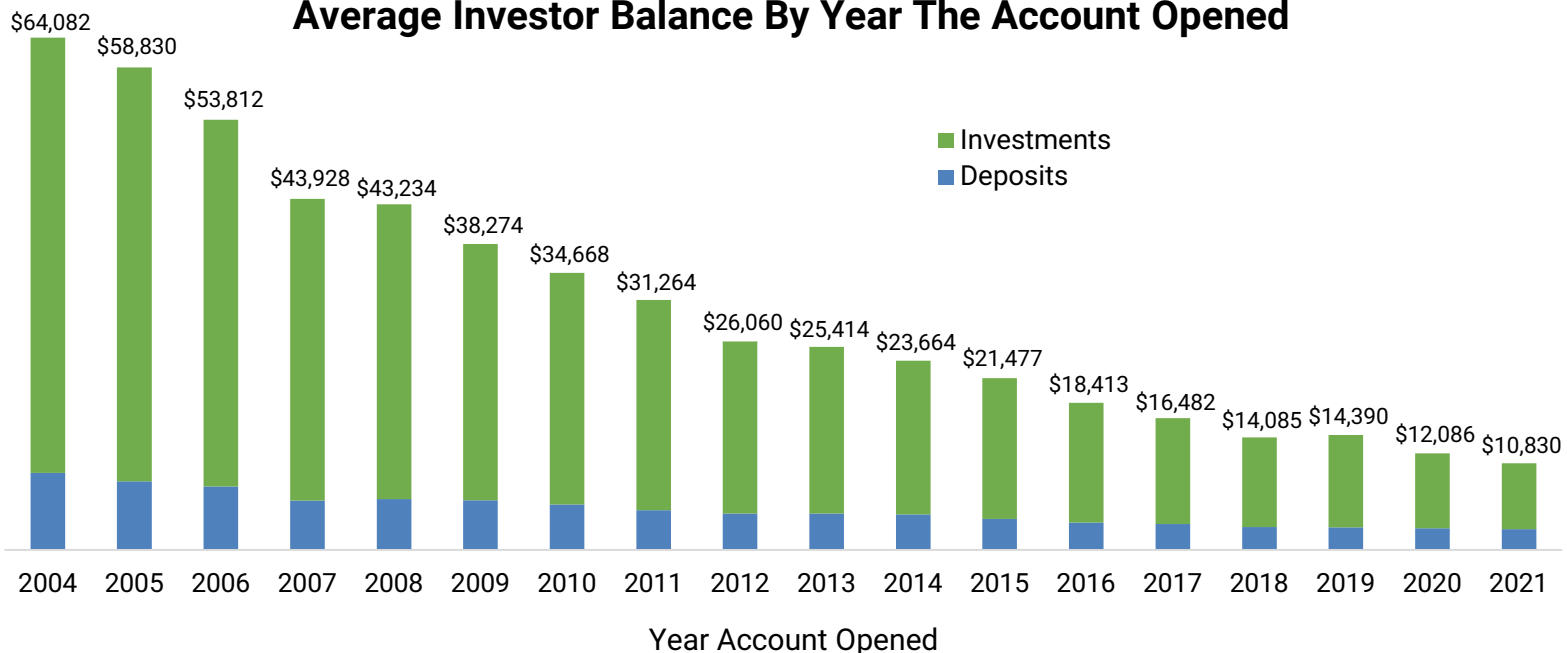
HSA Investments

- **\$30.4 billion** estimated in HSA investment assets as of June 30th, 2021, a 73% year-over-year increase.
- **33%** of all HSA assets are in investments as of June 30th, 2021.
- **\$17,954** average total balance (deposits and investments combined) for HSA investment accounts, 6.6 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 2021 (down from 16% at the end of 2020), while anticipating their own business will grow by 20% during the same period (down from 23% at the end of 2020). 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 \$131 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 Team

Jon Robb — Senior Vice President, Research & Technology

Eric Remjeske — President

Daniel Hanson — Business Analyst

Thank you for your participation!

©2021 Devenir Group, LLC (Devenir). All Rights Reserved. Reproduction or redistribution of this report by any means is strictly prohibited. The information, data, analyses, and opinions presented herein do not constitute business or investment advice; are provided solely for informational purposes; and is not warranted to be correct, complete, or accurate. The opinions are expressed as of the date written and are subject to change without notice. Except as otherwise required by law, Devenir, shall not be responsible for any decisions, damages, or other losses resulting from, or related to, the information, data, analyses, or opinions or their use. The information contained herein is the proprietary property of Devenir and may not be reproduced or redistributed, in whole or in part, or used in any manner, without the prior written consent of Devenir.

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