The 5 stages of health savings account ownership

Employees' personal and medical needs change as they journey through their careers — an HSA is a powerful tool to support them through whatever the years bring. By using data-driven, targeted communications, employers can help their workers strategize the right level of contribution, spending and investing at the right time in their career to benefit from the many tax advantages of an HSA and get the most out of their account.

Follow along as we journey through the career life cycle and five stages of HSA ownership.

Life stage: College grad

- **First job** and new to high-deductible health plans with HSAs
- **Doesn't understand the benefits** and contributes less than the deductible

Impact:
Loss of immediate tax savings, higher out-of-pocket spending, more stress

Employer action:
Educate on value

- **Identify employees** with elected goal amounts lower than deductibles
- **Target communication** to explain the gap

Fast fact:
58% of HSA account holders contribute <$2,000. In many cases, this will not be enough to cover the employee's deductible.[1]

Life stage: Early career

- **Missing out** on immediate tax advantages of higher contributions
- **Unprepared** for medical emergency

Impact:
Financial risk of emergency, additional expenses end up on a credit card

Employer action:
Promote increased contributions

- **Compare elected goal amounts** against annual maximum contribution
- **Target communication** to help plan for unexpected expenses with higher HSA contributions

Fast fact:
The difference between $2,000 and $3,000 in annual contributions is less than **$39** per biweekly pay period. That $39 is pre-tax, meaning the impact to take-home pay is even lower.[1]

Life stage: Mid-career

- **Contributing** the maximum
- Still **using HSA** for all medical expenses, large and small

Impact:
Missing out on a critical savings tool for emergencies and retirement

Employer action:
Help employees save

- **Identify spenders**
- **Target communications** to explain how to bank receipts for small expenses and save for the future

Fast facts:

- **65%** of employees use their HSA for expenses large and small.[2]
- Just **17%** of account holders contribute the HSA statutory maximum.[1]

Life stage: Mature career

- HSA balance has **increased** nicely
- **Hasn't invested** any of the balance

Impact:
Missed opportunity to build HSA savings into a retirement asset

Employer action:
Help employees invest

- **Identify accounts** with large enough balance to qualify for investing
- **Target communications** to explain how to bank receipts for small expenses and save medical expenses"

Fast fact:
Even with over 35.5 million HSAs and $104 billion in assets, only **7%** of account holders are investing.[3]

Life stage: Ready to retire

- Has made the **right moves** to build a valuable retirement asset

Employer action:
Help employees plan for retirement

- **Identify** where **all** employees are in their own unique HSA journey
- **Use data** to meet employees where they are and empower them to achieve next level participation

Fast fact:
A couple retiring today will need about **$319,000** for out-of-pocket retiree medical spending.[2]

[1] Employee Benefit Research Institute (EBRI) Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics, 2021
[2] 2018 Health Accounts Survey, "Employee attitudes toward health accounts"
[3] Devenir Research 2022 Year-End HSA Market Statistics and Trends