

# Health Savings Accounts

## 2021 fact sheet



### // Snapshot

A look at Fidelity's HSA business through January 2021<sup>1</sup>

**1,127**  
clients

up 31% vs. Jan. 2020

**1.8M**

funded accounts

up 19% vs. Jan. 2020

**\$10.2B**

in total assets

up 52% vs. Jan. 2020

**16.5%**

of accounts invested

vs. 11.2% in Jan. 2020

**42.1%**

of assets invested

vs. 31.3% in Jan. 2020

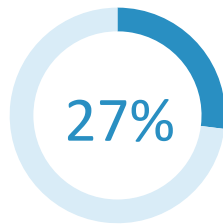
**\$3,132**

average annual HSA contribution

**\$5.8K**

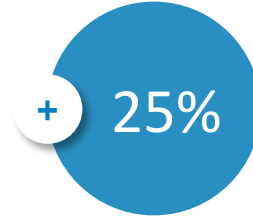
average HSA account balance

### Trends to watch<sup>2</sup>



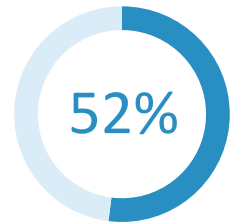
#### ADOPTION

Just over a quarter of eligible employees are enrolled in an HSA-eligible health plan, with 95% choosing to open an HSA.<sup>3</sup>



#### ACCOUNT BALANCE

In a year when many delayed getting care due to COVID restrictions, employees saw their account balances rise.



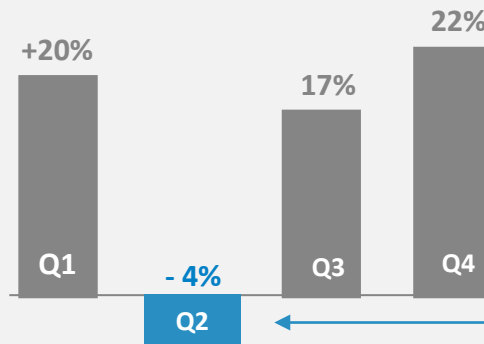
#### SPENDERS

More than half of employees spent 50% or more of the funds contributed to their HSA in 2020.

### IMPACT OF COVID-19

While account holder growth in 2020 led to a 21% increase in total HSA spending vs. 2019, average withdrawals per account were down 9.5%.

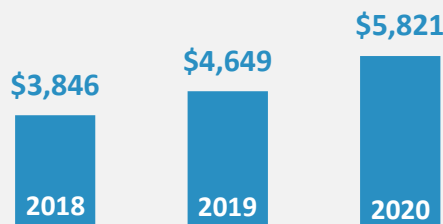
2020 HSA Card Spending (vs. 2019)



### Up-and-down spending

Eye care	-27%
Dentists/Orthodontists	-22%
Doctors/Physicians	-10%

Average Account Balance



### Increased savings

Even still, account holders are moving forward into 2021 with **larger average balances** than before and an opportunity to grow their savings or invest.

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### Strong Service

As the COVID pandemic worsened and call volumes increased, our call center reps delivered exceptional service to our HSA clients and their employees, exceeding 2019 levels.<sup>4</sup>

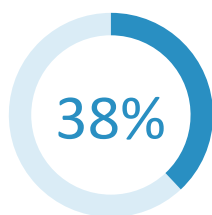
**25 seconds**  
average call-answer speed

vs. 36 seconds in 2019

### Misconceptions remain

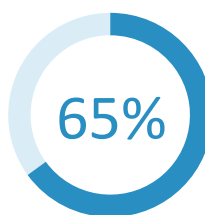
Some of the key tenets of an HSA are still misunderstood by employees<sup>5</sup>

#### USE IT OR LOSE IT?



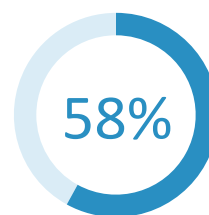
aren't sure how an HSA works differently than an FSA.

#### TAX BENEFITS



don't understand how to take advantage of HSA tax benefits.

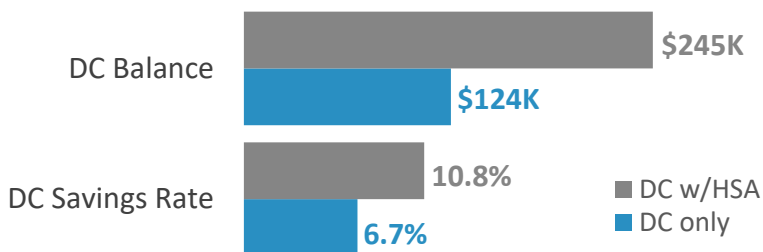
#### RETIREMENT



have spent little to no time thinking about health care costs in retirement.

### The Power of Integration

Employees with an HSA also save more in their DC plans<sup>6</sup>



#### 2021 HSA Fast Facts

	Individual	Family
Contribution limit	\$3,600	\$7,200
Catch-up contribution (55+)	\$1,000	\$1,000
Minimum deductible	\$1,400	\$2,800
Out-of-pocket max	\$7,000	\$14,000

The CARES Act temporarily allows HSAs to cover expenses related to telehealth and other remote-care services without first meeting a deductible.

### People underestimate the cost of health care in retirement...

**\$295,000**

the amount Fidelity estimates a couple retiring today at age 65 needs to have saved for health care (approx. \$150,000 for an individual).<sup>7</sup>

**50%**

of employees expect to pay \$50,000 or less for their health care in retirement.<sup>5</sup>



**2 in 3 Black and Latino/a employees** expect their health care costs in retirement to be less than \$50,000.<sup>5</sup>

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<sup>1</sup> “Snapshot” data reflect both retail and employer-sponsored accounts and are based on Fidelity recordkept data of HSAs through Jan. 31, 2021. The lone exception is Average Annual Contribution, which is current through Dec. 31, 2020

<sup>2</sup> Unless otherwise indicated, “Trends to Watch” data reflect both retail and employer-sponsored accounts and are based on Fidelity recordkept data of HSAs through Dec. 31, 2020.

<sup>3</sup> HDHP adoption rate reflects the percentage of all employees who have elected to enroll in an HSA-eligible health plan offered by their employer. The number includes new clients and newly enrolled employees as of Jan. 31, 2021.

<sup>4</sup> Based on internal Fidelity data through Dec. 31, 2020.

<sup>5</sup> Data from Fidelity Health and Financial Decision-Making survey fielded by Health Solutions Thought Leadership Jan.-Feb. 2021 with Fidelity plan participants. Data reflect feedback from more than 13,299 survey respondents.

<sup>6</sup> Average savings rates and account balances based on Fidelity recordkept data of HSAs and corporate DC plans (including advisor-sold DC but excluding TEM) as of December 31, 2020.

<sup>7</sup> Estimate based on a hypothetical couple retiring in 2020, 65-years-old, with life experiences that align with Society of Actuaries’ RP-2014 Healthy Annuitant rates with Mortality Improvements Scale MP-2016. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Costs Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government’s insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

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