

Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics, 2015: Estimates from the EBRI HSA Database

By Paul Fronstin, Ph.D., Employee Benefit Research Institute

AT A GLANCE

The Employee Benefit Research Institute (EBRI) maintains data on health savings accounts (HSAs) collected from various recordkeepers. The EBRI HSA Database contains four million accounts with total assets of \$7.4 billion as of Dec. 31, 2015.

This *Issue Brief* is the third annual report drawing on cross-sectional data from the EBRI HSA Database. It examines account balances, individual and employer contributions, distributions, invested assets and account-owner demographics in 2015.

Here are the key findings:

- Enrollment in high-deductible, HSA-eligible health plans is estimated to be between 20–22 million policyholders and their dependents.
- Over 4 in 5 HSAs (85 percent) have been opened since the beginning of 2011.
- As of the end of 2015, the average HSA balance was \$1,844, up from \$1,332 at the beginning of the year. Average account balances increased with the age of the owner of the account. Account balances averaged \$759 for owners under age 25 and \$3,623 for owners ages 65 and older.
- About 3 percent of HSAs had invested assets (beyond cash). Thirty-six percent of HSAs with invested assets ended 2015 with a balance of \$10,000 or more, whereas only 4 percent of HSAs without invested assets had such a balance.
- Among HSAs with investments, accounts opened in 2015 ended the year with an average balance of \$4,907 whereas those opened in 2005 had an average balance of \$27,903 at the end of 2015.
- HSAs with either individual or employer contributions accounted for 59 percent of all accounts and 78 percent of total account balances in 2015. Three percent of these accounts ended the year with a zero balance.
- On average, individuals who made contributions in 2015 contributed \$1,864 to their account in 2015. HSAs receiving employer contributions in 2015 received \$948, on average.
- Four-fifths of HSAs with a 2015 contribution also had a distribution during 2015. Of the HSAs with distributions, the average amount distributed was \$1,748.
- Distributions increased as HSA owners' ages increased. For example, 2015 distributions averaged \$634 for HSA owners under age 25; \$2,319 for owners ages 55–64; and \$2,365 for owners ages 65 and older.
- Distributions were higher for HSAs that were older. However, the likelihood of taking a distribution was higher among HSAs opened more recently, other than those opened in 2015.

Paul Fronstin is director of the Health Education and Research Program at the Employee Benefit Research Institute (EBRI). This *Issue Brief* was written with assistance from EBRI's research and editorial staffs. Any views expressed in this report are those of the author and should not be ascribed to the officers, trustees, or other sponsors of EBRI, Employee Benefit Research Institute-Education and Research Fund (EBRI-ERF), or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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Suggested Citation: Paul Fronstin, "Health Savings Account Balances, Contributions, Distributions, and Other Vital Statistics, 2015: Estimates from the EBRI HSA Database," *EBRI Issue Brief*, no. 427, (Employee Benefit Research Institute, November 29, 2016).

Report Availability: This report is available on the internet at www.ebri.org

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Introduction

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) allows individuals enrolled in high-deductible health plans meeting certain requirements to open and fund health savings accounts (HSAs). In 2015, enrollment in these HSA-eligible health plans was estimated to be between 20 and 22 million policyholders and their dependents.¹ It has also been estimated that there were 16.7 million HSAs holding \$30.2 billion in assets as of Dec. 31, 2015.²

Nearly 30 percent of employers offered an HSA-eligible health plan in 2015, and that percentage is expected to increase in the future both as a health plan option and as the only health plan option.³

While there is growing literature around how individuals in HSA-eligible plans use and pay for medical services,⁴ there are very few sources of data on the HSAs themselves and the owners of such accounts. The most recent report by America's Health Insurance Plans (AHIP) includes data on account balances, contributions, distributions, and account owner demographics based on 2012 data.⁵ Also, Devenir reports limited, aggregate data from a survey of HSA providers.⁶ The EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey (CEHCS), conducted annually since 2005, collects self-reported demographic information on enrollees in HSA-eligible health plans and on their HSA balances, contributions, and distributions.⁷

To improve on these data, EBRI created the EBRI HSA Database to collect a large, representative repository of administrative information from record-keepers about HSAs and account owners.

This *Issue Brief* is the third annual report drawing on cross-sectional data from the EBRI HSA Database. It examines account balances, individual and employer contributions, annual distributions, investments and account-owner demographics for 2015.

What is an HSA?

A health savings account (HSA) is a tax-exempt trust or custodial account that is funded with contributions and assets that an individual can use to pay for health care expenses. Individuals can contribute to an HSA only if they are enrolled in an HSA-eligible health plan. Contributions to the account are deductible from taxable income, an employer's contributions to the account are excludable from the employee's gross income, and distributions for qualified medical expenses from the HSA are excluded from taxable income to the employee. Tax-free distributions are also allowed for certain premium payments (see below). Any interest or other capital earnings on assets in the account build up tax free. Finally, HSAs are always funded, unlike similar types of health accounts known as health reimbursement arrangements (HRAs) and flexible spending accounts (FSAs), which can be and are typically set up as unfunded, notional arrangements.

Eligibility

An individual who is covered by an HSA-eligible health plan may (but is not required to) open and make contributions to an HSA. To be an HSA-eligible health plan for 2016, the plan must have an annual deductible of at least \$1,300 for individual coverage and \$2,600 for family coverage, and the plan's out-of-pocket maximum may not exceed \$6,550 for individual coverage or \$13,100 for family coverage with the deductible counting toward this limit. (These minimum allowable deductibles and maximum out-of-pocket limits are indexed to inflation.) Certain primary preventive services—typically those deemed to prevent the onset of disease—can be and often are exempt from the deductible

and covered in full. (These preventive services are in addition to those preventive services that the Patient Protection and Affordable Care Act of 2010 (ACA) requires be covered in full.) Otherwise, all health care services must be subject to the HSA's deductible. See Figure 1 for historical statutory HSA limits.

Figure 1
Statutory HSA^a Limits, 2004–2017

	Minimum Deductible		Maximum Contribution		Maximum Out-of-Pocket Limit		Per-Person Catch-up Contribution Limit
	Individual	Family	Individual	Family	Individual	Family	
2004	\$1,000	\$2,000	\$2,600	\$5,150	\$5,000	\$10,000	\$500
2005	1,000	2,000	2,600	5,150	5,000	10,000	600
2006	1,050	2,100	2,700	5,450	5,250	10,500	700
2007	1,100	2,200	2,850	5,650	5,500	11,000	800
2008	1,100	2,200	2,900	5,800	5,600	11,200	900
2009	1,150	2,300	3,000	5,950	5,800	11,600	1,000
2010	1,200	2,400	3,050	6,150	5,950	11,900	1,000
2011	1,200	2,400	3,050	6,150	5,950	11,900	1,000
2012	1,200	2,400	3,100	6,250	6,050	12,100	1,000
2013	1,250	2,500	3,250	6,450	6,250	12,500	1,000
2014	1,250	2,500	3,300	6,550	6,350	12,700	1,000
2015	1,300	2,600	3,350	6,650	6,450	12,900	1,000
2016	1,300	2,600	3,350	6,750	6,550	13,100	1,000
2017	1,300	2,600	3,400	6,750	6,550	13,100	1,000

Source: <https://www.treasury.gov/resource-center/faqs/taxes/pages/health-savings-accounts.aspx>
^a Health savings account.

Additional HSA contribution requirements are that (1) an individual may not be enrolled in other health coverage, such as a spouse’s plan, unless that plan is also an HSA-eligible health plan, (2) an individual may not be claimed as a dependent on another person’s tax return, and (3) an individual may not be enrolled in Medicare. Notwithstanding these requirements, an individual is not precluded from making HSA contributions merely because he or she has supplemental coverage with deductibles below the statutory HSA-eligible health plan minimum for such things as vision care, dental care, certain specific diseases, and/or insurance that pays a fixed amount per day (or other stipulated period) for hospitalization.

Contributions

Individuals and employers are allowed to contribute to HSAs. As noted above, contributions are excluded from gross income if the employer makes them, and deductible from taxable income if the individual account owner makes them.

For 2016, a worker with individual coverage is allowed to make an annual HSA contribution of \$3,350, while a worker with family coverage can contribute as much as \$6,750. These dollar limits are indexed for inflation. Additionally, individuals who have reached age 55 and are not yet enrolled in Medicare may make an additional \$1,000 catch-up contribution. The catch-up contribution is not currently indexed to inflation.

If an employer does make contributions to an HSA, the contributions must be the same dollar amount or the same percentage of the deductible for all employees.⁸

Investments

HSAs can be invested in the same investment options that have been approved for individual retirement accounts (IRAs)— i.e., bank accounts, certificates of deposit (CDs), money market funds, stocks, bonds, and mutual funds. Many HSA custodians, however, require that an HSA have at least a minimum balance in order to invest HSA funds in options beyond cash or cash equivalents. And some HSA custodians do not offer investment options beyond cash. If an HSA

owner is able to invest HSA funds in options beyond cash, the owners are responsible for making the investment decisions.

Distributions

An individual may take distributions from an HSA at any time. The individual need not be covered by an HSA-eligible health plan at the same time the individual withdraws money from the HSA. Distributions are generally treated as taxable income, but they are excluded from an individual's taxable income if they are used to pay for qualified medical expenses. Distributions for premiums for COBRA coverage, long-term-care insurance, health insurance while receiving unemployment compensation, and insurance while eligible for Medicare (other than for Medigap) are also tax free.

HSA distributions for nonqualified medical expenses are not excludable from gross income and, in addition to being taxable, are subject to a 20 percent penalty, which is waived if the HSA owner dies, becomes disabled, or is eligible for Medicare. Individuals are able to transfer funds from one HSA to another without subjecting the distribution to income and penalty taxes as long as the transfer occurs within 60 days of the date funds are received.

Archer Medical Savings Accounts

Prior to the availability of HSAs, Archer Medical Savings Accounts (MSAs) were authorized as a demonstration project under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Workers were eligible to set up an MSA if employed at a firm with 50 or fewer employees. The self-employed were also eligible. Both were required to be covered by a high-deductible health plan in order to be able to contribute to an MSA. When the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) created HSAs, existing MSAs were grandfathered, but as of Dec. 31, 2007, no new MSAs could be opened. However, individuals with MSAs are allowed to transfer those account balances to HSAs. Amounts that continue to be held in grandfathered MSAs can be distributed tax free for qualified medical expenses.

ERISA Compliance

Unlike HSA-eligible health plans offered by an employer, when employer involvement in an HSA is limited, the HSA is not subject to ERISA. Thus, for example, HSAs are not subject to ERISA when the employer does not contribute to the HSA, or when the establishment of the HSA is completely voluntary on the part of the employee.⁹ In addition, the employer may not limit the ability of employees to move their HSA funds to another HSA, impose conditions on using the HSA funds, or make or influence investment decisions. There are other considerations for employers as well when offering an HSA.¹⁰

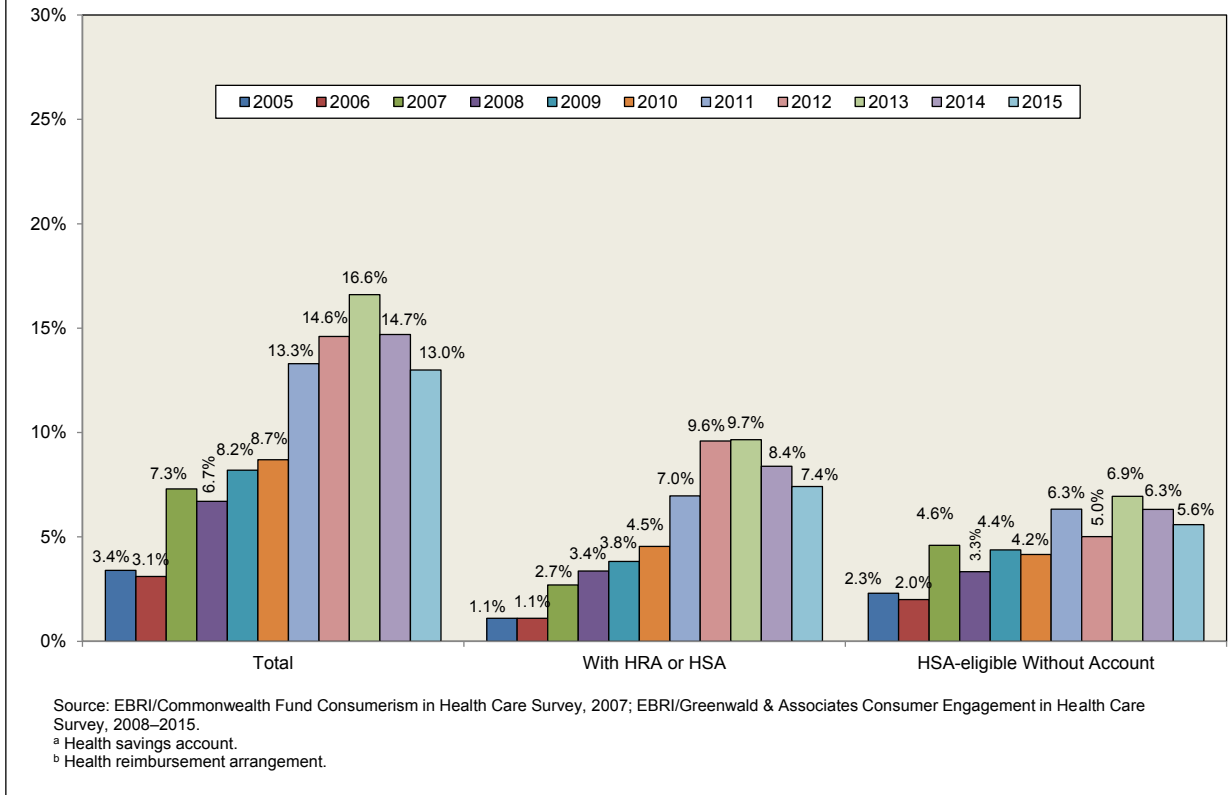
The recently finalized Department of Labor Fiduciary Rule extends to HSAs.¹¹ As a result, employers could be impacted by the rule if they provide more than general investment education.¹²

Trends in HSA-Eligible Health Plans and HSAs

There are several surveys that estimate enrollment in HSA-eligible health plans. Each survey is different and each has strengths and limitations:

- The EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey (CEHCS) has been conducted annually since 2005. The CEHCS is a survey of adults with private health insurance, conducted to provide reliable national data on the growth of consumer-driven health plans (CDHPs) and high-deductible health plans and their impact on the behavior and attitudes of health care consumers.
 - It found that 13 percent of individuals with private health insurance coverage (about 26 million individuals) were enrolled in a CDHP in 2015 (Figure 2).

Figure 2
HSA^a and HRA^b Enrollment Rates, 2005–2015



- Over 7 percent had opened an HSA or had a health reimbursement arrangement (HRA), while 5.6 percent (about 8 million adults) were in an HSA-eligible health plan but had not opened an account.
- The Kaiser Family Foundation (KFF) surveys employers in order to track worker HSA and HRA enrollment. KFF found that 29 percent of workers were enrolled in either an HSA-eligible health plan or HRA in 2016.¹³ Nineteen percent were in an HSA-eligible health plan and 9 percent were in an HRA.¹⁴
- AHIP’s survey of health plans found that the number of people enrolled in an HSA-eligible plan was 19.7 million in January 2015.¹⁵
- Mercer’s survey of employers found that 25 percent of workers with employment-based coverage were covered by either an HSA-eligible health plan or an HRA in 2015.¹⁶
- The National Health Interview Survey (NHIS) of individuals with private health insurance coverage found that the percentage of individuals with private insurance covered by an HSA-eligible health plan was 15.3 percent in 2016, but also found another 24.7 percent were in HSA-eligible health plans and had not opened the HSA.¹⁷

Enrollment in HSA-eligible health plans is expected to grow. According to Mercer’s survey of employers, 25 percent of employers with 10–499 employees and 61 percent of employers with 500 or more employees offered an HSA-eligible health plan or HRA in 2016 (Figure 3). By 2019, 34 percent of employers with 10–499 employees and 72 percent of employers with 500 or more employees say they are very likely to offer such a health plan. It is expected that 18 percent of employers with 500 or more workers will offer an HSA-eligible health plan or HRA as the only plan option by 2017.¹⁸

About the EBRI HSA Database

The EBRI HSA Database is a representative repository of information about individual HSAs. The 2015 data covers 24 percent of the universe of HSAs and 25 percent of HSA assets.¹⁹ The database is unique because it includes data provided by a wide variety of account record-keepers and, therefore, represents the characteristics and activity of a broad range of HSA owners.²⁰

As of Dec. 31, 2015, the EBRI Database includes:

- Four million health savings accounts.
- \$7.4 billion in assets.

Most HSAs in the EBRI HSA Database were initially opened within the past few years. Overall, nearly two-thirds of the accounts were opened between 2013 and 2015, with 26 percent opened in 2015, 24 percent opened in 2014, and 15 percent opened in 2013 (Figure 4). About 250,000 of the accounts in the EBRI HSA Database were closed at some point in 2015.²¹ Most of these accounts were initially opened before 2015, but 4 percent were both opened and closed in 2015.

HSAs Open During 2015

This *Issue Brief* focuses on 4 million HSAs in the EBRI Database that were open at any point during 2015, including some that were closed before the end of 2015. The average balance was \$1,844 at the end of 2015, up from \$1,332 at the end of 2014 (Figure 5).

Fifty-nine percent of the 4 million HSAs received individual or employer contributions in 2015, while 41 percent did not receive any contributions (Figure 5). HSAs with contributions ended 2015 with an average balance of \$2,440, up from \$1,651 at the end of 2014. HSAs without contributions ended 2015 with an average balance of \$987, up from \$873 at the end of 2014.

HSAs with investments beyond cash accounted for 3 percent of the accounts in the EBRI Database, and 18 percent of the assets. They ended 2015 with an average balance of \$10,647, compared with \$1,561 among accounts without investments.

Overall, 80 percent of the HSAs had balances greater than zero at the end of the 2015.

Accounts With Contributions in 2015

Of the 4 million HSAs in the EBRI HSA Database, 2.4 million or 59 percent received individual or employer contributions in 2015 (Figure 5). Accounts with contributions in 2015 had \$5.8 billion in assets, which is about 78 percent of the assets in the EBRI HSA Database.

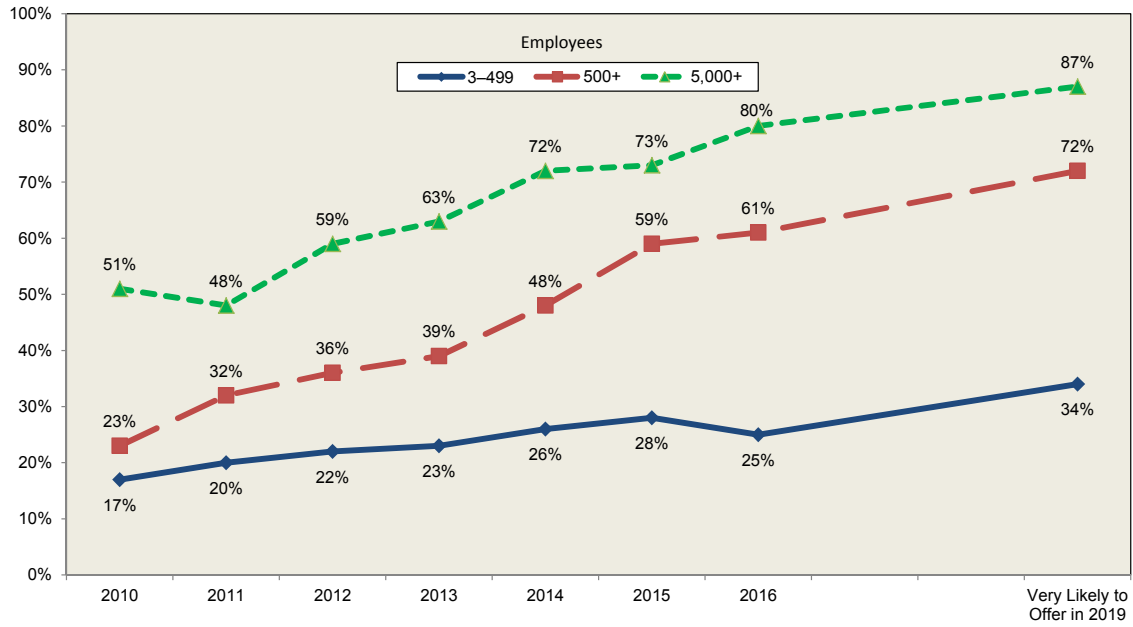
Eighty-three percent of the HSAs in the EBRI Database that received 2015 contributions also had a distribution in 2015. About 2 million accounts had a 2015 distribution. HSAs with both a contribution and a distribution in 2015 had an average account balance of \$2,300 at the end of 2015. Those with a contribution in 2015 but without a distribution had an average of \$3,144 in the account at the end of 2015.

Most HSAs with 2015 contributions ended the year with a positive account balance, and for these HSAs the average balance increased from \$1,701 at the end of 2014 to \$2,569 at the end of 2015. Those HSAs with 2015 contributions that had a zero account balance at the end of 2015 started the year with an average balance of \$709.

Accounts Without Contributions in 2015

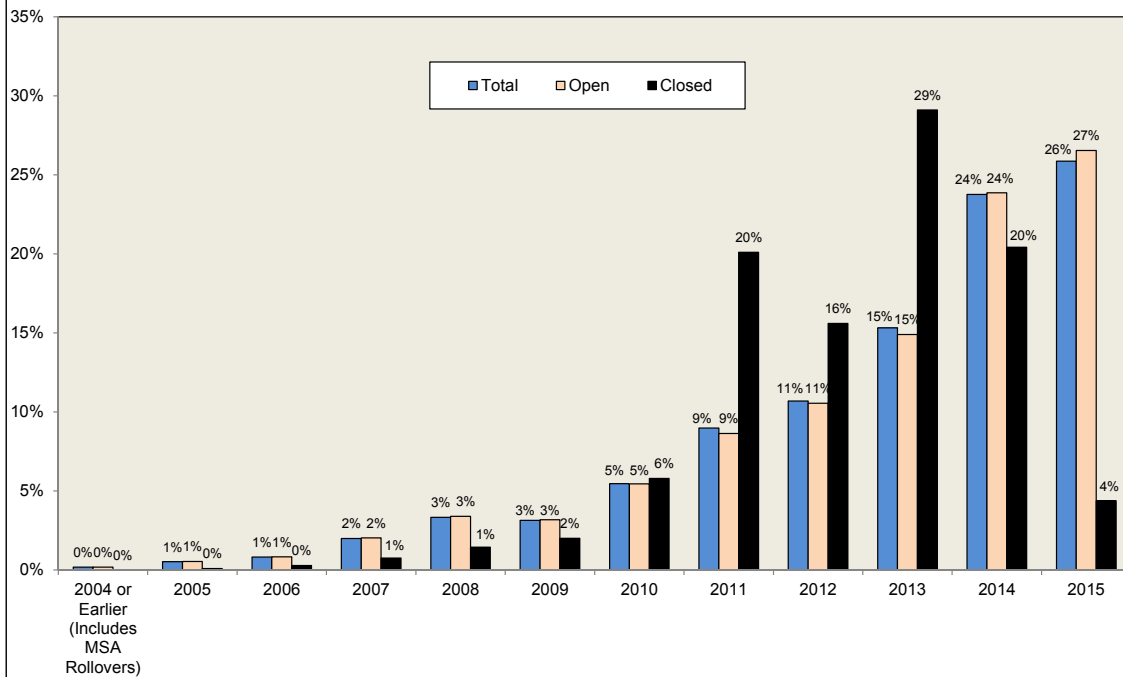
About 40 percent of the accounts in the EBRI HSA Database did not receive any employer or individual contributions in 2015. They accounted for 22 percent of all assets in the database.

Figure 3
**Percentage of Employers Offering HSA^a-Eligible Health Plan/HRA,
 by Firm Size, 2010–2016, With Projections Through 2019**



Source: Figure 6 in <http://www.mercer.com/newsroom/national-survey-of-employer-sponsored-health-plans-2016.html>.
^a Health savings account.
^b Health reimbursement arrangement.

Figure 4
HSAs,^a by Year Account was Opened and Account Status



Source: EBRI HSA Database.
^a Health savings account.

Figure 5
HSA^a Owners by Account Status, Open Accounts, 2015

	Number of Accounts (millions)	Distribution of Accounts (percent)	Average Beginning-of- Year Account Balance	Average End- of-Year Account Balance	Total Assets (billions)	Distribution of Assets (percent)
Total	4.0	100%	\$1,332	\$1,844	\$7.4	100%
Accounts With Employer or Individual Contributions						
Contributions	2.4	59	1,651	2,440	5.8	78
Distributions						
Distributions from account	2.0	49	1,645	2,300	4.5	61
No distributions from account	0.4	10	1,684	3,144	1.2	17
End-of-Year Balance						
End-of-Year account balance zero	0.1	3	709	0	0.0	0
End-of-Year account balance positive	2.2	56	1,701	2,569	5.8	78
Accounts With No Employer or Individual Contributions						
Contributions	1.6	41	873	987	1.6	22
Distributions from account						
End-of-Year account balance zero	0.6	16	1,773	1,464	0.9	12
End-of-Year account balance positive	0.2	5	907	0	0.0	0
No distributions from account						
End-of-Year account balance zero	0.4	10	2,234	2,243	0.9	12
End-of-Year account balance positive	1.0	25	319	693	0.7	10
End-of-Year account balance zero	0.5	12	39	0	0.0	0
End-of-Year account balance positive	0.5	13	573	1,321	0.7	10
Invested Assets						
Accounts with invested assets	0.1	3	7,370	10,647	1.3	18
Accounts without invested assets	3.9	97	1,138	1,561	6.1	82

Source: EBRI HSA Database.
^a Health savings account.

Among the HSAs that did not receive any contributions, those with distributions saw the balance fall from an average of \$1,773 at the end of 2014 to \$1,464 at the end of 2015. Those without distributions experienced an increase in their average balance in 2015, from \$319 at the end of 2014 to \$693 at the end of 2015.

Average Contributions and Distributions

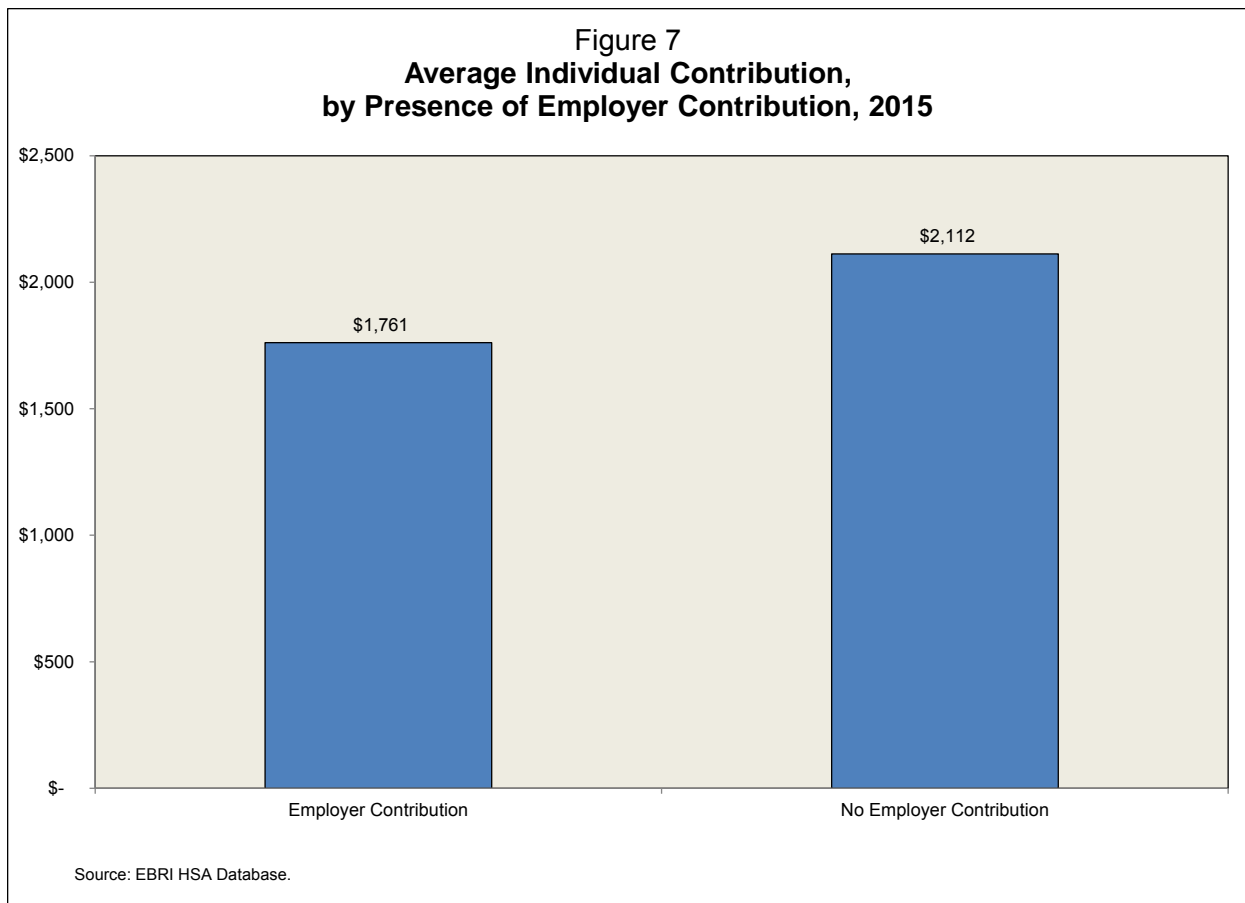
Nearly one-half (45 percent) of HSAs received individual contributions, 46 percent received employer contributions, and 53 percent received distributions during 2015. Individual HSA contributions averaged \$833 in 2015 and averaged \$1,864 when considering only those HSAs with an individual contribution in 2015 (Figure 6). Similarly, employer contributions averaged \$434 for 2015, but for those HSAs that received some employer contributions during the year, the employer contributions averaged \$948. Distributions averaged \$935 for all HSAs in the database for 2015, but were \$1,748 for those accounts with a distribution during the year.

Figure 6
Summary of Average Account Activity, 2015

	All Open Accounts	Accounts With Contributions or Distributions	Percent of Accounts With Contributions or Distributions
Individual contributions	\$833	\$1,864	45%
Employer contributions	434	948	46
Distributions	935	1,748	53

Source: EBRI HSA Database.

Average individual 2015 contributions were higher for HSAs that did not receive employer contributions in 2015. More specifically, for HSAs with employer contributions for 2015, individual contributions averaged \$1,761 (Figure 7), while individual contributions to HSAs without employer contributions averaged \$2,112. This suggests that, in general, many individuals have viewed employer contributions as a substitute for their own contributions.



When HSAs Were Initially Opened

Figure 8 illustrates the years in which those HSAs that were open at some point during 2015 were initially opened, by whether they received or did not receive contributions in 2015. There were some notable differences. Accounts with no contributions and some distributions were more likely than other accounts to have been opened before 2015. Interestingly, 63 percent of the accounts with no 2015 contributions and no 2015 distributions, but a positive balance at the end of the year, were opened in 2015. These may be accounts that were transferred from another financial institution in 2015.

Ages of HSA Owners

HSA owners in the EBRI HSA Database for 2015 were fairly evenly distributed by age—approximately one-quarter each were ages 25–34, 35–44 and 45–54 (Figure 9). About one-fifth (18 percent) were ages 55–64, while only 3 percent were under age 25, and 4 percent were ages 65 and older. The average age was 43.4 years. Data from the March 2015 Current Population Survey (CPS) showed the distribution of adults with group health coverage in 2014 to be quite similar, except that HSA owners in the EBRI HSA Database were less likely to be younger than age 25 or older than 65 than was the case in the March 2015 CPS.

2015 Account Balances

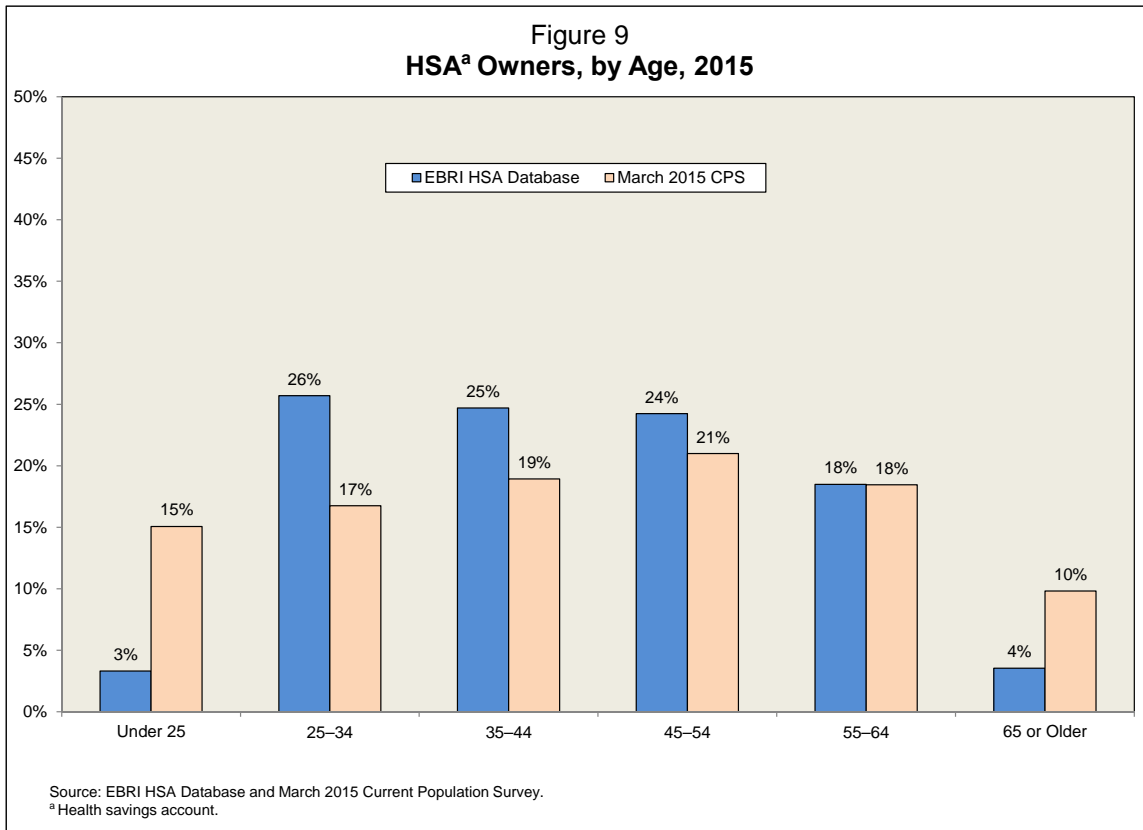
Of the HSAs in the EBRI HSA Database with either individual or employer contributions in 2015, 6 percent had a zero balance at the end of 2015, 31 percent had \$1–\$499, and 15 percent had \$500–\$999 (Figure 10). Only 13 percent of the accounts had \$5,000 or more, with 5 percent having \$5,000–\$7,499, 3 percent had \$7,500–\$9,999, and 5 percent had \$10,000 or more.

Figure 8

HSA ^a Owners, by Year When Account Was Opened and Account Status, 2015							
Percent of Accounts	Total	Accounts With Contributions		Accounts With No Contributions			
	100%	Zero Balance at End of 2015	Positive Balance at End of 2015	Distributions		No Distributions	
				Zero Balance at End of 2015	Positive Balance at End of 2015	Zero Balance at End of 2015	Positive Balance at End of 2015
		3%	56%	5%	10%	12%	13%
Year Account Opened							
2004	0	0	0	0	0	0	0
2005	1	0	0	1	1	1	0
2006	1	0	1	2	2	1	0
2007	2	1	1	4	5	3	1
2008	3	2	3	6	7	4	1
2009	3	2	2	6	7	5	2
2010	5	4	4	9	10	9	3
2011	9	7	8	12	13	14	6
2012	11	9	11	17	15	11	5
2013	15	17	16	23	17	13	8
2014	24	35	30	19	16	20	8
2015	27	22	25	1	6	19	63

Source: EBRI HSA Database.
^aHealth savings account.

Figure 9
HSA^a Owners, by Age, 2015



HSA Owner Age—Despite the fact that older individuals used more health care services on average than younger individuals, HSA balances increased with owner age. Individuals under age 25 had an average of \$759 in their HSA at the end of 2015, compared with \$3,969 among individuals ages 55–64 (Figure 11). Even individuals ages 65 and older had an average of \$3,623 in their HSA at the end of 2015.

Account Tenure—The longer an individual has had an HSA, the higher the account balance. Individuals who opened an account in 2004 (or before for those with an MSA rollover) had an average of \$12,990 in their account as of the end of 2015 (Figure 12). Those whose account was opened in 2011 had \$4,546, while those who first opened the account in 2015 ended the year with a \$1,124 balance.

Investments—Just 3 percent of HSAs in the EBRI Database had assets invested in options beyond cash at the end of 2015. Despite this, the balances in HSAs with investments accounted for 19 percent of the total assets in the EBRI HSA Database.

More specifically, HSAs with invested assets had higher balances at the end of 2015 than accounts without invested assets. Over one-third (36 percent) of accounts with investments had \$10,000 or more in the account at the end of 2015 (Figure 13). In contrast, only 4 percent of accounts without investments ended 2015 with \$10,000 or more.

In addition, end-of-year balances were much higher in accounts with investments than in accounts that did not have investments when examining those accounts by the year in which the account was opened. Among accounts opened in 2015, end-of-year 2015 balances averaged \$4,907 in accounts with investments, and \$1,068 in accounts without investments (Figure 14). Similarly, among accounts opened in 2005, end-of-year 2015 balances averaged \$27,903 in accounts with invested assets, and \$6,670 in accounts without investments.

2015 Contributions

Under one-half (45 percent) of HSA owners contributed to their account in 2015 (Figure 15). More specifically, 9 percent made a contribution in the range of \$1,000–\$1,999 and 12 percent contributed between \$2,000 and \$4,999. Only 1 percent contributed \$6,650 or more, though individuals with employee-only coverage were allowed a maximum contribution of \$3,350 in 2015 (individuals ages 55 or older could make catch-up contributions up to an additional \$1,000).

Similarly, under one-half (47 percent) of HSA owners received an employer contribution in 2015. One-quarter (25 percent) had an employer contribution of \$100–\$999; 14 percent received an employer contribution of \$1,000–\$1,999; and 4 percent had an employer contribution of \$2,000 or more.

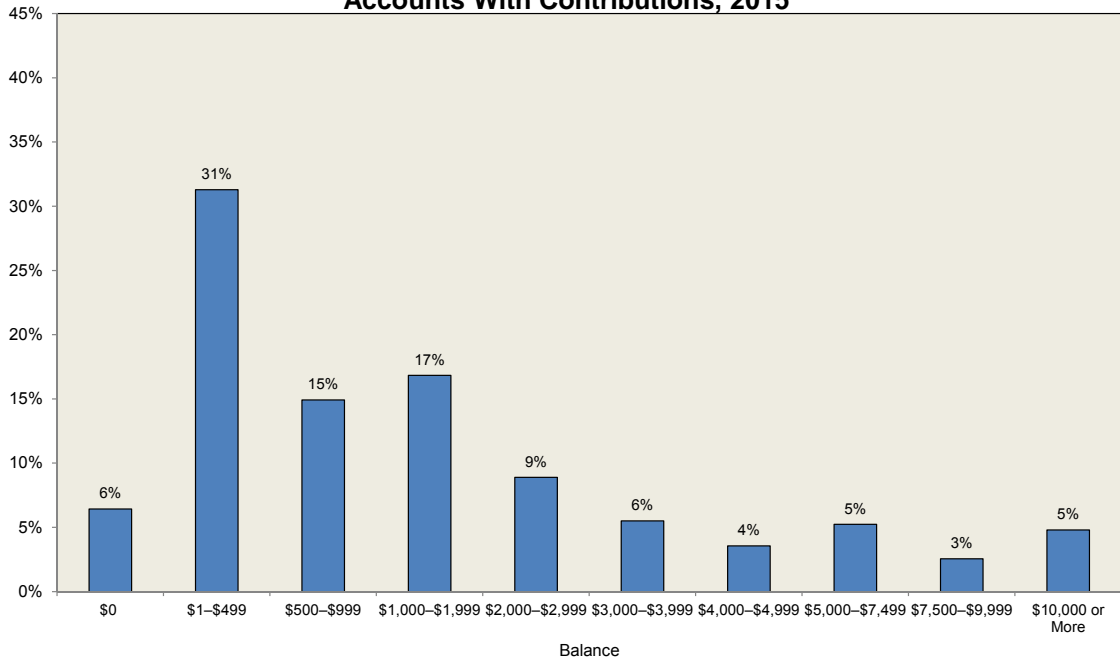
Considering overall contributions, 41 percent of HSAs did not receive any contributions in 2015, while 17 percent received contributions between \$2,000 and \$4,999, and 3 percent received \$6,650 or more in contributions.

Contribution levels for 2015 were higher for HSAs with investments. Among accounts with investments, 31 percent had contributions between \$2,000 and \$4,999, 14 percent received contributions between \$5,000 and \$6,649, and 5 percent had \$6,650 or more in contributions (Figure 16). In contrast, of the HSAs that did not have investments, 11 percent received contributions between \$2,000 and \$4,999, 3 percent received contributions between \$5,000 and \$6,649, and 1 percent had \$6,650 or more in contributions.

As noted above, 59 percent of the HSAs in the EBRI HSA Database received either individual or employer contributions in 2015, and the balances of these HSAs accounted for 78 percent of all assets in the EBRI HSA Database. Among HSAs with any contribution in 2015, 24 percent did not have an individual contribution and 22 percent did not have an employer contribution (Figure 17). Only 2 percent of HSAs received individual contributions at or above \$6,650. When individual and employer contributions were combined, 5 percent of HSAs had contributions of \$6,650 or more.

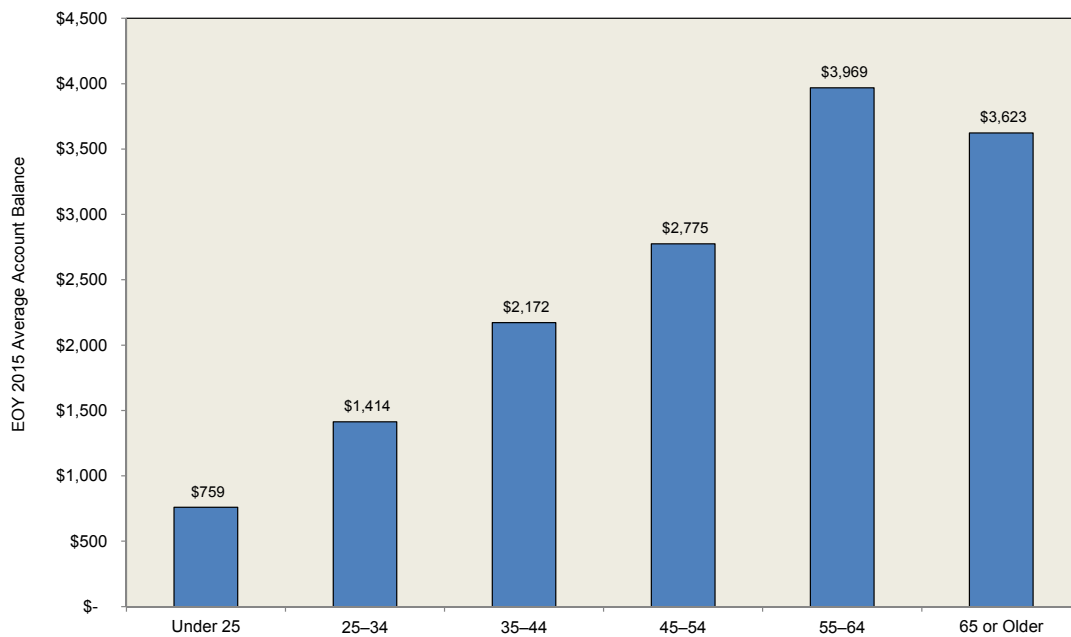
Of the 2015 individual contributions to HSAs, 34 percent were below \$1,000 (6 percent were less than \$100, and 28 percent were between \$100 and \$999); 16 percent were between \$1,000 and \$1,999; and 20 percent were between

Figure 10
**Average HSA^a End-of-Year Account Balance,
 Accounts With Contributions, 2015**



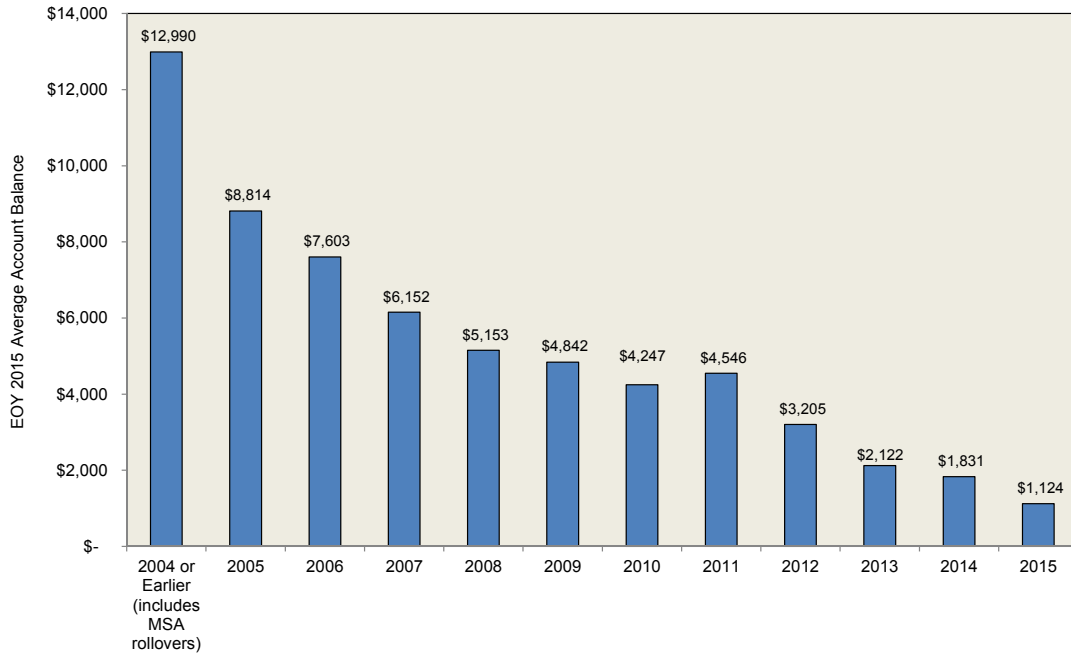
Source: EBRI HSA Database.
^a Health savings account.

Figure 11
**Average End-of-Year Account Balance Among HSAs^a
 With Contributions, by Age of HSA Owner, 2015**



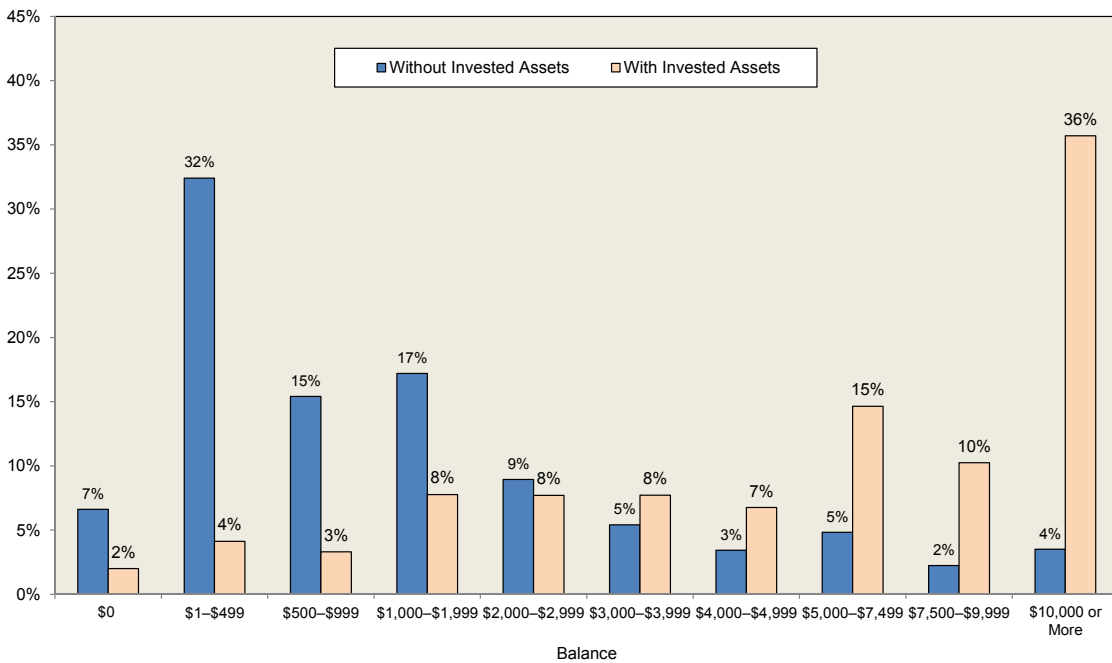
Source: EBRI HSA Database.
^a Health savings account.

Figure 12
Average End-of-Year Account Balance Among Accounts With Contributions, by Year HSA^a Was Opened, 2015



Source: EBRI HSA Database.
^a Health savings account.

Figure 13
Average HSA^a End-of-Year Account Balance, by Presence of Invested Assets, 2015



Source: EBRI HSA Database.
^a Health savings account.

\$2,000 and \$4,999. Of the HSAs with 2015 employer contributions, 43 percent of the contributions were between \$100 and \$999, 24 percent were between \$1,000 and \$1,999, and 7 percent were \$2,000 or more.

Of the HSAs that received either individual or employer contributions for 2015, 32 percent of HSAs had contributions of \$100–\$999, 23 percent received contributions of \$1,000–\$1,999, 29 percent had contributions of \$2,000–\$4,999, and only 12 percent of HSAs had contributions of \$5,000 or more (7 percent were between \$5,000 and \$6,649, 5 percent were at \$6,650 or more).

Contributions by End-of-Year Balance—Among HSAs that received 2015 contributions, those with a zero account balance at the end of 2015 had lower individual contributions and were less likely to have individual contributions than those with a positive balance at the end of the year (Figure 18). Those with a zero account balance also were less likely to have any employer contributions than those with a positive balance at the end of the year (Figure 19).

Combined individual and employer contributions are shown in Figure 20. Among those with a zero account balance at the end of 2015:

- 21 percent had contributions of \$1,000–\$1,999.
- 14 percent had contributions of \$2,000–\$4,999.
- 4 percent had contributions of \$5,000 or more.

Among those with a positive account balance at the end of the year:

- 24 percent had contributions of \$1,000–\$1,999.
- 29 percent had contributions of \$2,000–\$4,999.
- 13 percent had contributions of \$5,000 or more.

Contributions by Age—Average 2015 contributions generally increased with age. Contributions in 2015 averaged \$1,017 for individuals under age 25 and \$3,081 for individuals ages 55–64 (Figure 21).

2015 Distributions

Just over one-half (54 percent) of HSAs had distributions in 2015, while 46 percent did not (Figure 22). Most distributions were for health care claims, but non-qualified distributions and rollover distributions are also mixed in with distributions for health care claims in the EBRI HSA Database. Yet, most distributions were small. Among accounts with a distribution, 30 percent were below \$500, 17 percent were between \$500 and \$999, and 21 percent were between \$1,000 and \$1,999. About one-third of 2015 distributions were at least \$2,000.

Age—The average annual amount distributed in 2015 increased with owner age, as did the likelihood that a distribution was made for a health care claim, until age 65. Among owners of HSAs with distributions, individuals under age 25 had an average distribution of \$586 from their HSAs in 2015, compared with an average of \$2,083 for individuals ages 55–64, and \$1,747 for individuals ages 65 and older (Figure 23). Similarly, the likelihood of taking a distribution increased from 45 percent among individuals under age 25 to between 67 and 68 percent for those ages 35–44, 45–54, and 55–64. The likelihood dipped to 65 percent for those ages 65 and older. The decline in the average amount distributed, as well as the likelihood of there being a distribution as the owner ages, may be a reflection of the fact that there are fewer people covered by the HSA-eligible health plan at older ages, primarily because fewer dependent children are covered by older account-owners.

Finally, while the age distribution of the HSA owners was similar across account statuses (Figure 24), among HSAs with no 2015 contributions and some distributions, HSA owners were slightly older, likely indicating that more of these accounts are no longer tied to HSA-eligible health plans because the account owners are covered by Medicare or have retired.

Figure 14
Average End-of-Year Account Balance Among Accounts With Contributions and Invested Assets, by Year HSA^a Was Opened, 2015

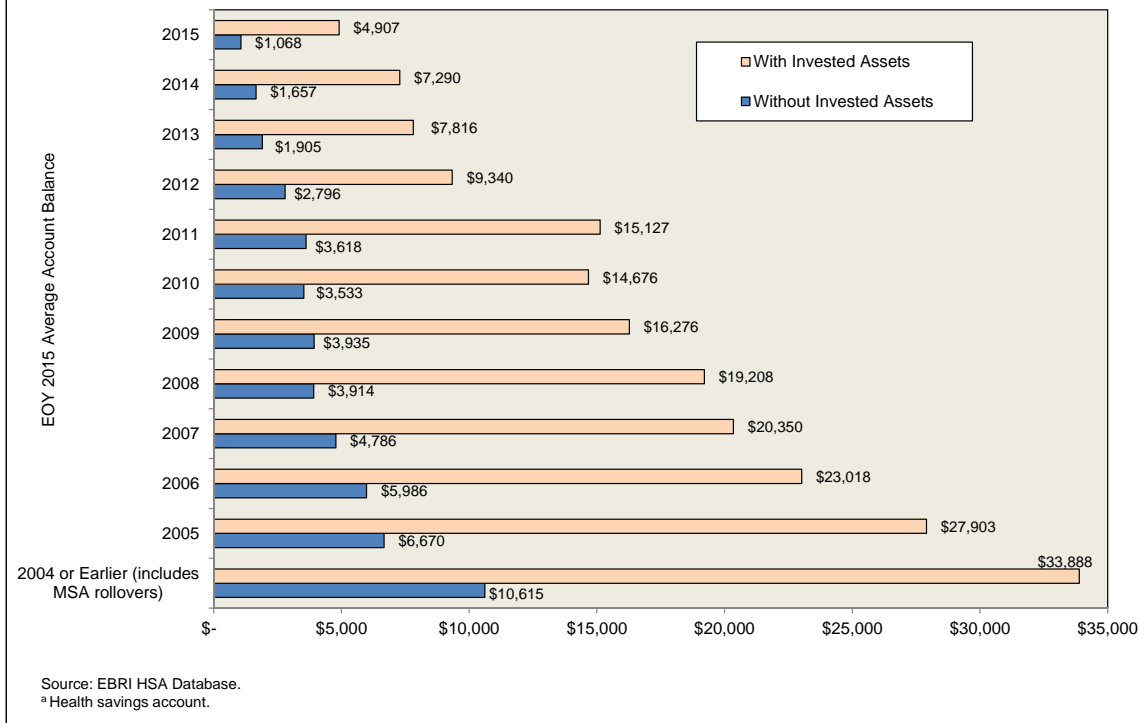


Figure 15
HSAs,^a by Level of Individual, Employer and Total Contributions, 2015

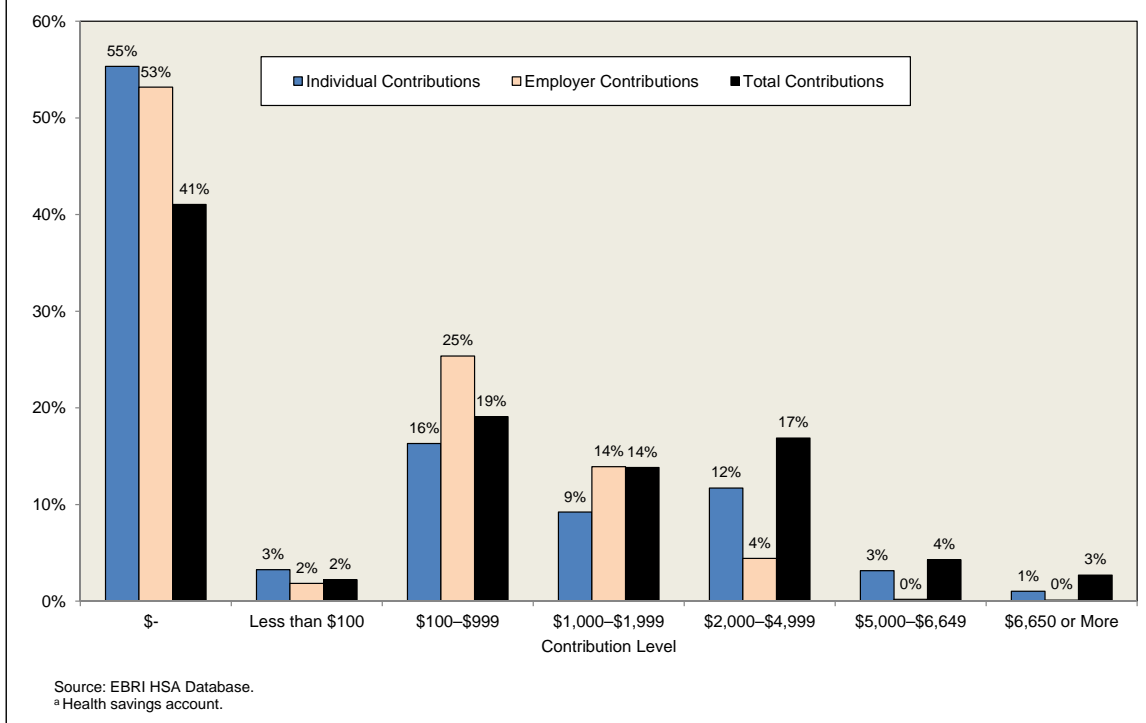
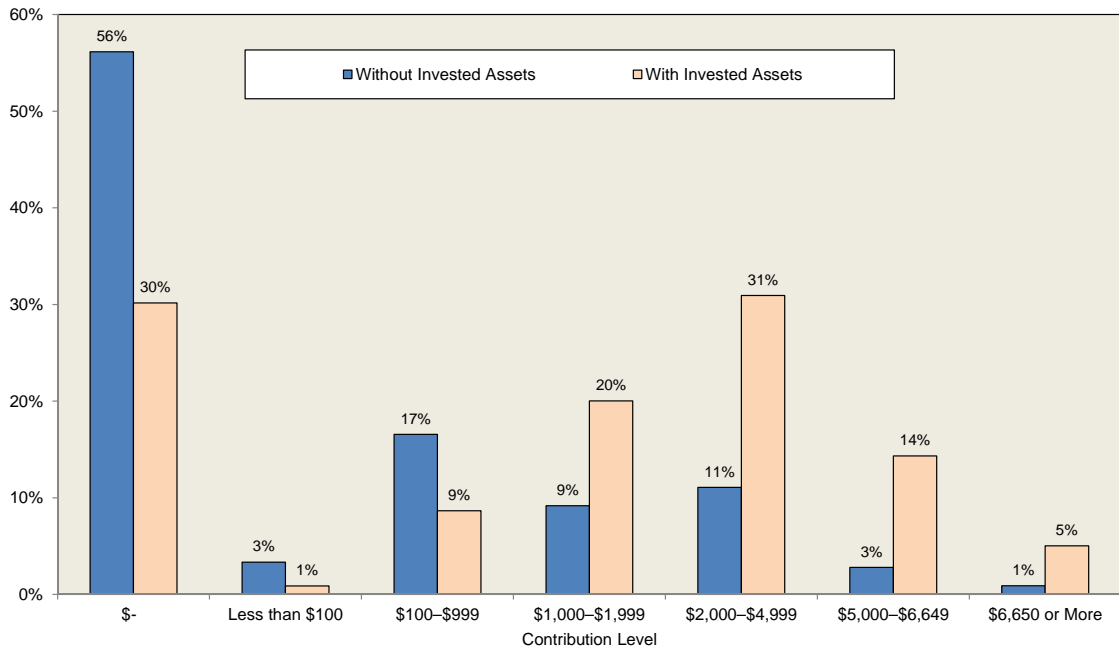
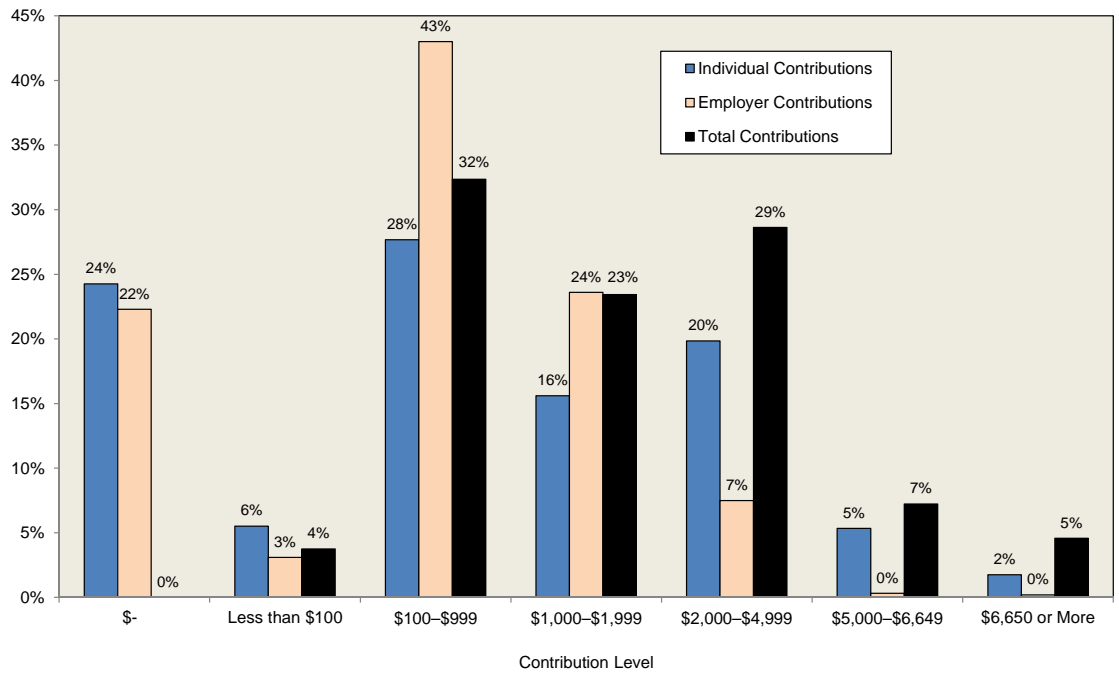


Figure 16
**HSAs,^a by Level of Individual Contributions
 and Invested Assets, 2015**



Source: EBRI HSA Database.
^aHealth savings account.

Figure 17
**HSAs^a With Contributions, by Level of Individual,
 Employer, and Total Contributions, 2015**



Source: EBRI HSA Database.
^aHealth savings account.

Account Tenure—In general, the longer an individual has had an account, the higher the average amount distributed from the HSA. Among owners of HSAs with a distribution, individuals who opened an account in 2004 (or before, for those with an MSA rollover) had an average distribution of \$2,595 from their account in 2015 (Figure 25). Those whose account was opened in 2011 had an average distribution of \$2,254, while those who first opened the account in 2015 had an average distribution of \$851.

The likelihood of there being a distribution was between 68 percent and 77 percent among accounts opened before 2015, but was only 40 percent among accounts opened in 2015. These accounts are less likely to have a distribution and more likely to have a lower average amount distributed because they have had less time to build up an account balance.

Accounts With Investments —The likelihood of a distribution was higher (81 percent) in accounts with investments than in accounts without investments (64 percent) (Figure 26). Average 2015 distributions were also higher in HSAs with investments. Among HSAs with investments, the average 2015 distribution was \$2,410, compared to \$1,723 in HSAs without investments.

2015 Net Contributions

Average 2015 contributions and distributions generally increased with owner age. Contributions in 2015 averaged \$1,017 for individuals under 25 and \$3,081 for individuals ages 55–64 (Figure 27). Similarly, average distributions ranged from \$634 for individuals under 25 to \$2,319 for individuals ages 55–64. Average net contributions, or the excess of 2015 contributions over distributions, also increased with age, until age 65. Individuals under 25 had an average net contribution of \$383 in 2015, while those ages 55–64 had an average net contribution of \$762. About 30 percent of accounts had distributions that were larger than their 2015 contribution.

Conclusion

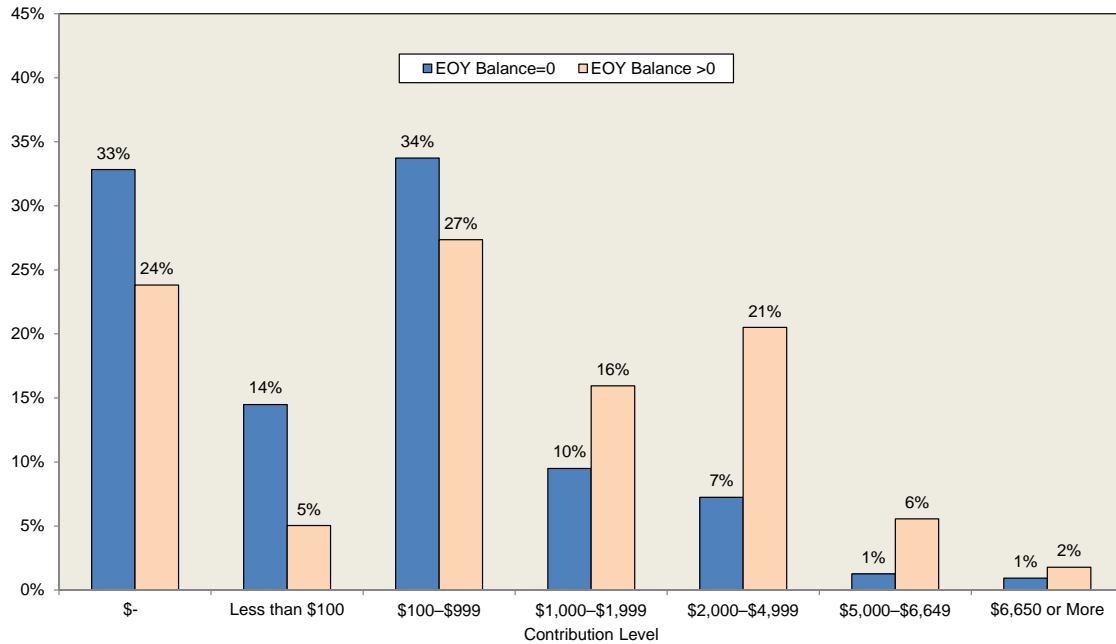
Enrollment in HSA-eligible health plans in 2015 is estimated to be about 20 million policyholders and their dependents. Furthermore, it is also estimated that there are 16.7 million accounts holding \$30.2 billion in assets as of Dec. 31, 2015.

This study examines data from the EBRI HSA Database, which contains data collected from several HSA providers on 4 million accounts with total assets of \$7.4 billion. Eighty-five percent of HSAs were opened since the beginning of 2011. Overall, average balances increased from \$1,332 to \$1,844 during 2015.

About 60 percent of the accounts in the EBRI HSA Database received either an individual or employer contribution in 2015. Average balances in these accounts increased over 2015 from \$1,651 to \$2,440. About 3 percent of them ended 2015 with a zero balance. Just under one-half of accounts had individual contributions, with deposits averaging \$1,864. Among the 46 percent of accounts receiving employer contributions, the accounts received an average of \$948. Distributions averaged \$1,748 among the 53 percent of accounts with a distribution.

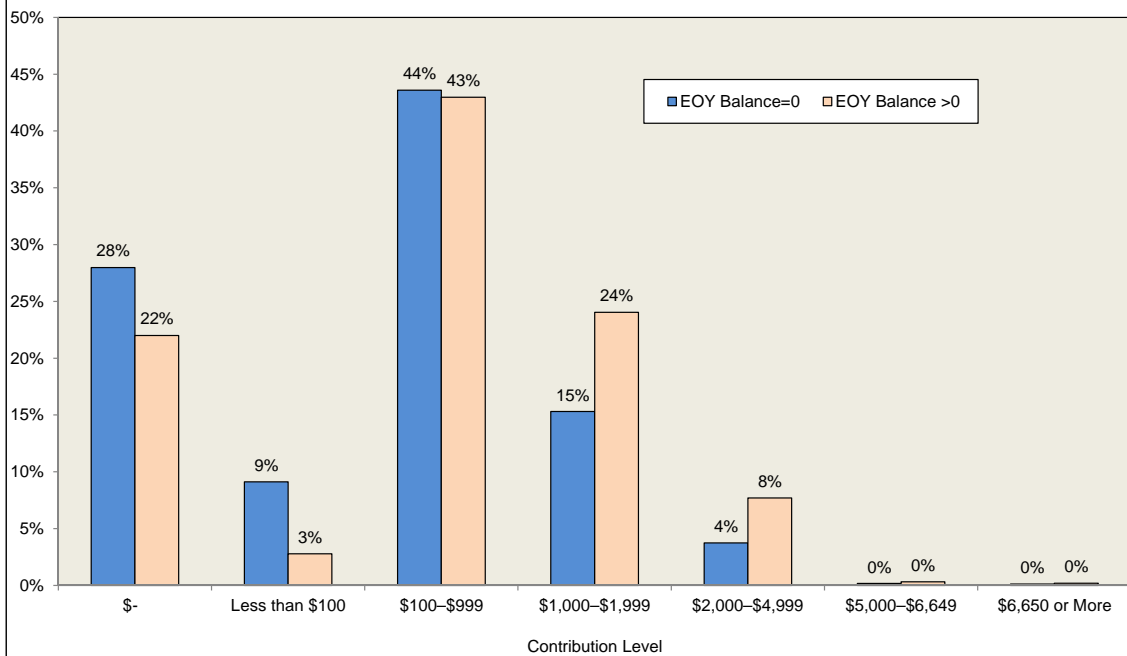
The number of employers expected to offer an HSA-eligible health plan either as an option or as the only health plan option is expected to continue to increase. As a result, HSA-eligible health plans and HSAs are expected to grow as a vital component of employment-based health coverage.

Figure 18
HSAs^a With Contributions, by Level of Individual Contributions and End-of-Year Account Balance, 2015



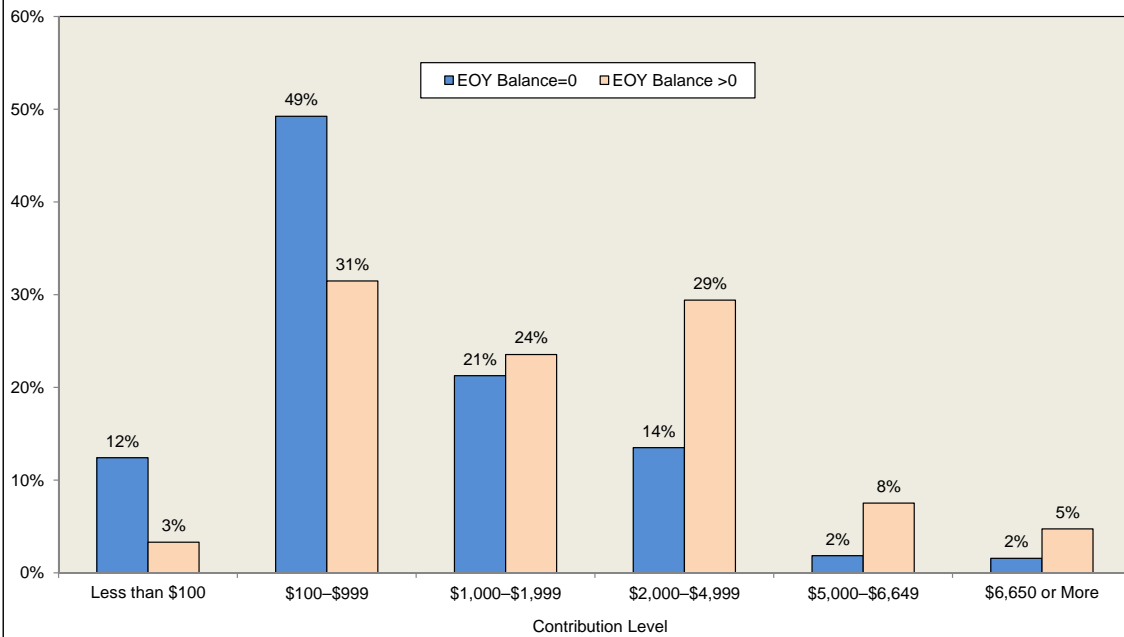
Source: EBRI HSA Database.
^a Health savings account.

Figure 19
HSAs^a With Contributions, by Level of Employer Contributions and End-of-Year Account Balance, 2015



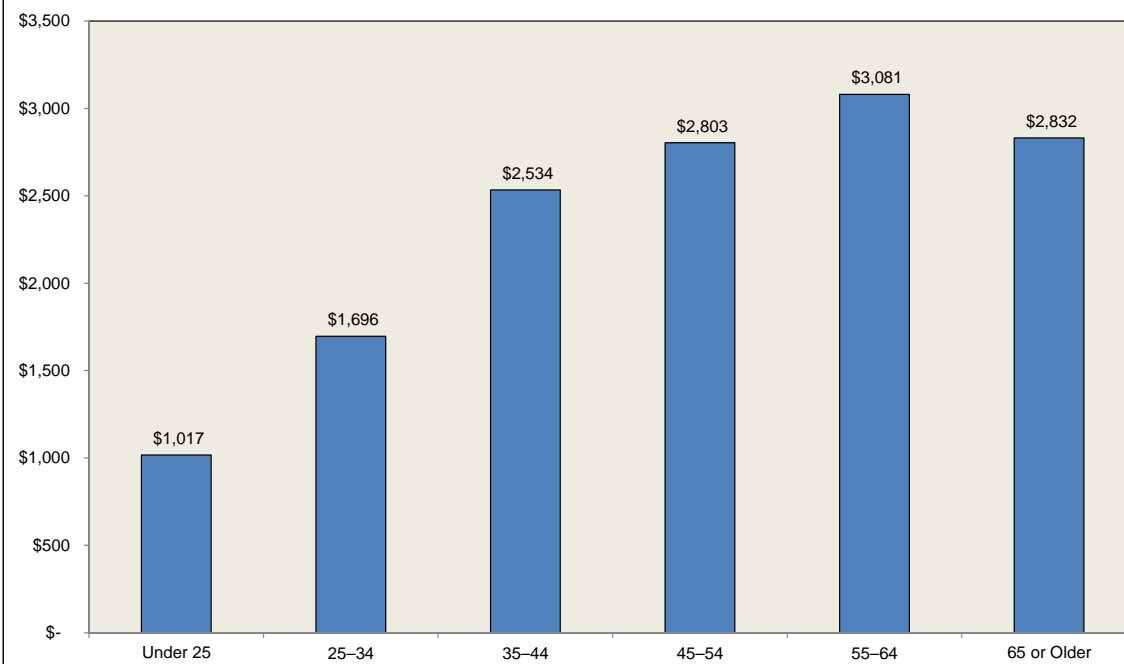
Source: EBRI HSA Database.
^a Health savings account.

Figure 20
**HSA^a With Contributions, by Level
of Combined Individual and Employer
Contributions and End-of-Year Account Balance, 2015**



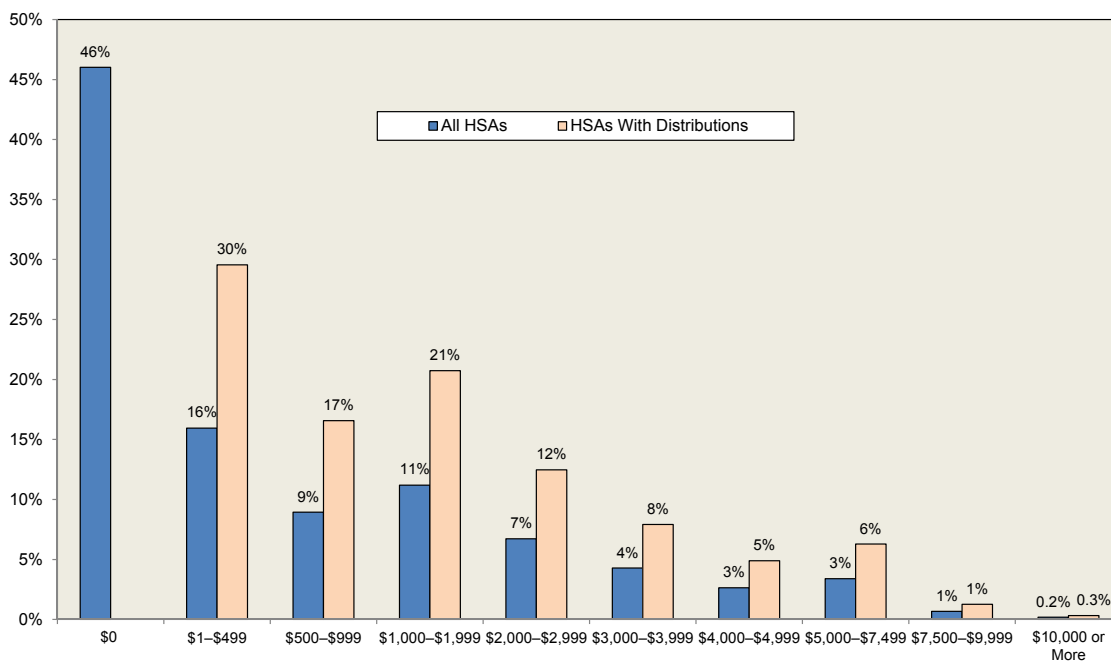
Source: EBRI HSA Database.
^a Health savings account.

Figure 21
Annual HSA^a Contributions, by Age, 2015



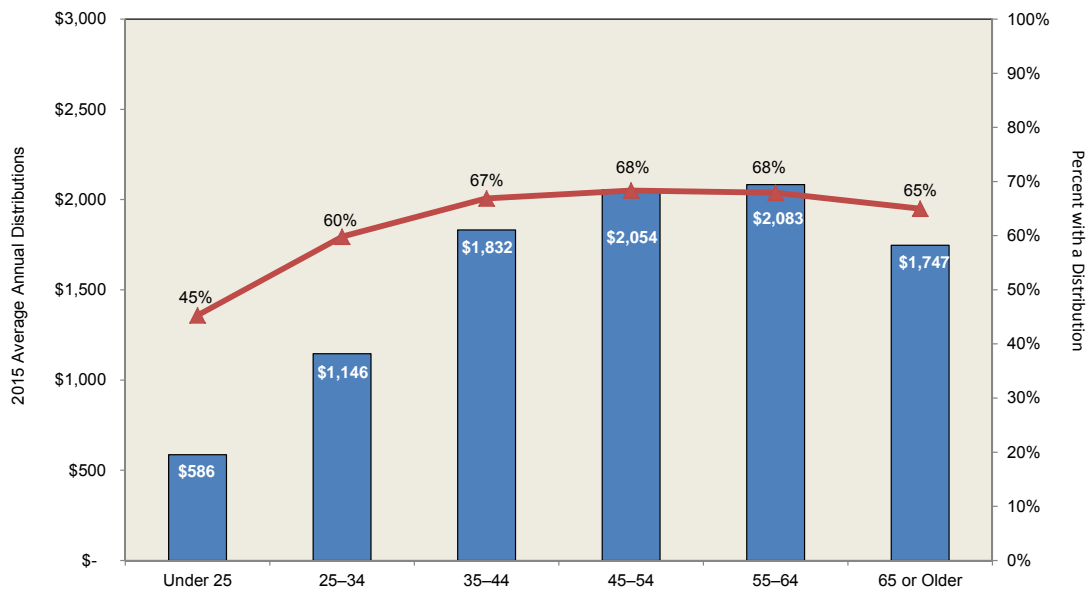
Source: EBRI HSA Database.
^a Health savings account.

Figure 22
Annual HSA^a Distributions, 2015



Source: EBRI HSA Database.
^a Health savings account.

Figure 23
Average Annual Distributions Among Accounts With Distributions and the Likelihood of Having a Distribution, by Age of HSA^a Owner, 2015



Source: EBRI HSA Database.
^a Health savings account.

Figure 24
HSA^a Owners, by Age and Account Status, 2015

	Total	Accounts With Contributions		Accounts With No Contributions			
		Zero Balance at End of 2015	Positive Balance at End of 2015	Distributions		No Distributions	
				Balance at End of 2015	Balance at End of 2015	Balance at End of 2015	Balance at End of 2015
Percent of Accounts	100%	3%	56%	5%	10%	12%	13%
Age							
Under 25	3%	4%	3%	1%	1%	3%	5%
25–34	26	28	26	23	23	26	28
35–44	25	26	25	26	23	24	24
45–54	24	23	25	25	23	23	23
55–64	18	15	19	19	22	18	17
65 or older	4	4	2	6	8	6	3

Source: EBRI HSA Database.
^a Health savings accounts.

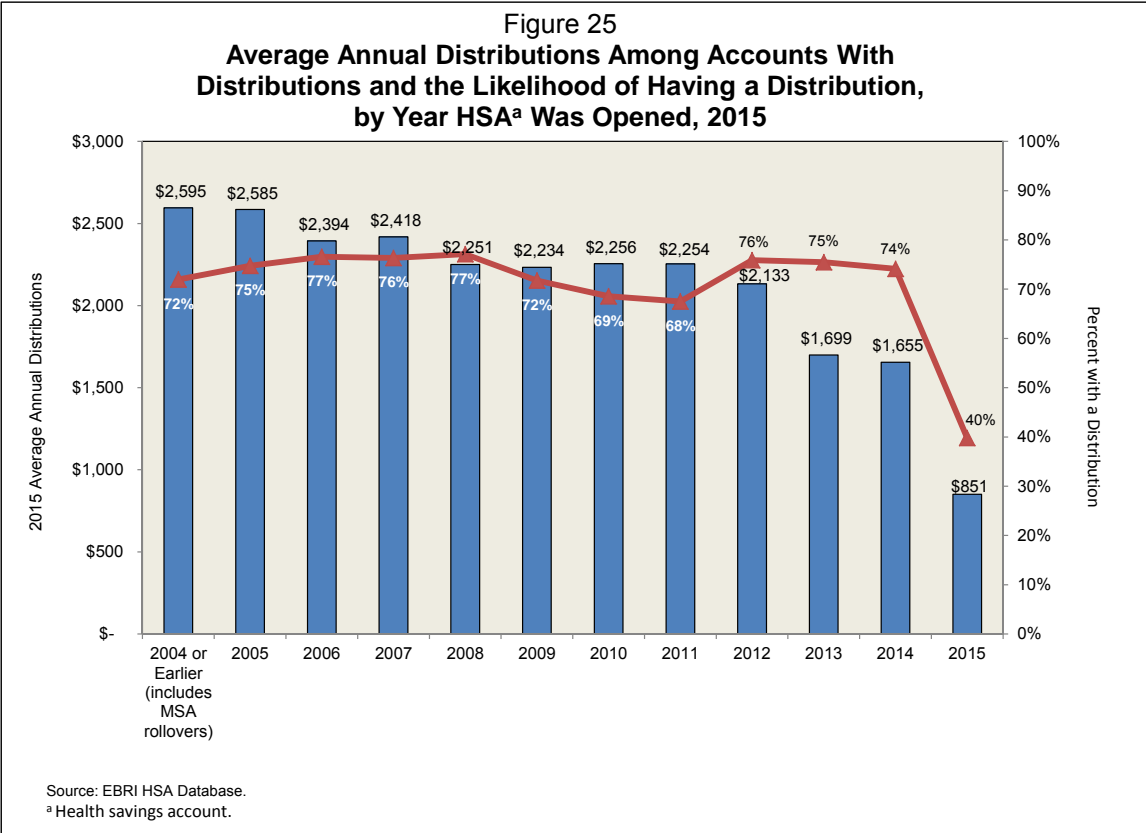
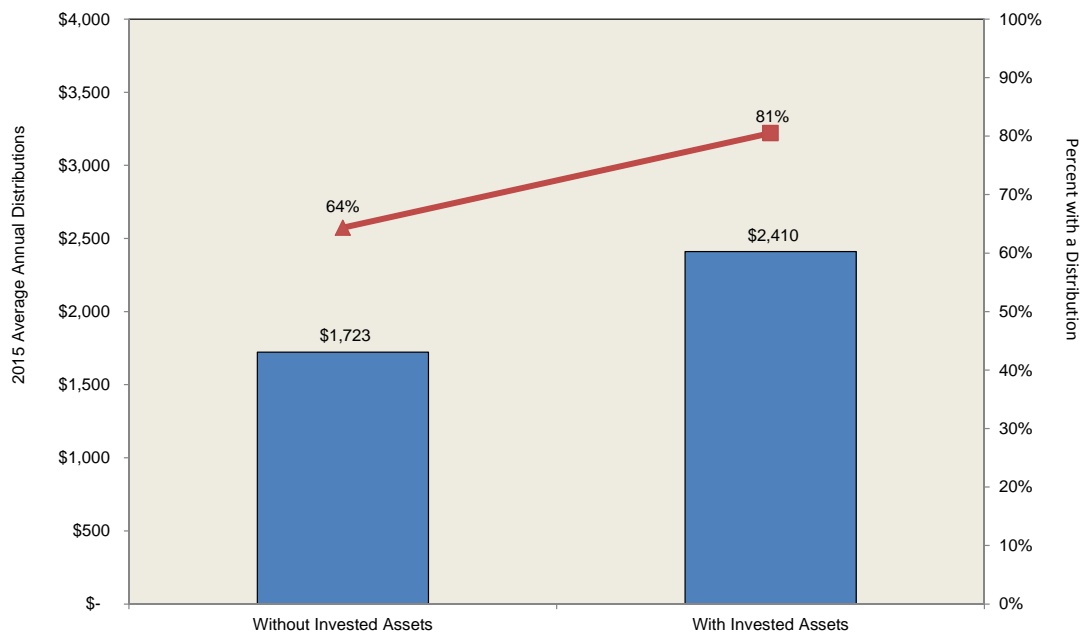
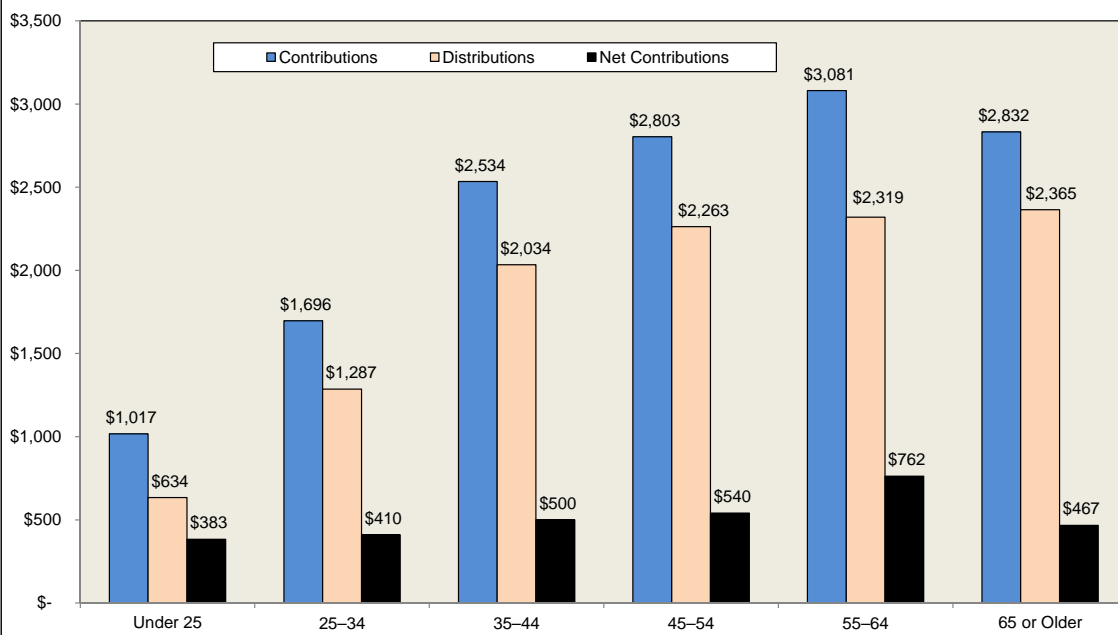


Figure 26
Average Annual Distributions Among Accounts With Distributions and the Likelihood of Having a Distribution, by Presence of Invested Assets, 2015



Source: EBRI HSA Database.

Figure 27
Annual Contributions, Distributions, and Net Contributions, by Age Among HSA^a Owners With Both Contributions and Distributions, 2015



Source: EBRI HSA Database.
^a Health savings account.

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Endnotes

¹ America's Health Insurance Plans (AHIP) found that 19.7 million people were enrolled in an HSA-eligible health plan in January 2015 (See https://www.ahip.org/wp-content/uploads/2015/11/HSA_Report.pdf). CEHCS estimated that 22 million people were enrolled in an HSA-eligible plan in August 2015 (see https://www.ebri.org/pdf/briefspdf/EBRI_IB_421.Dec15.CEHCS.pdf).

² See <http://www.devenir.com/research/2015-year-end-devenir-hsa-research-report/> The number of enrollees in HSA-eligible health plans differs from the number of HSAs for various reasons. The number of enrollees is composed of the policyholder and any covered dependents and generally is higher than the number of HSAs because one account is usually associated with a family. Hence, the number of individuals enrolled in an HSA-eligible health plan generally is higher than the number of accounts. However, over time, the number of accounts can grow relative to the number of enrollees because when an individual or family is no longer covered by an HSA-eligible health plan, they are allowed to keep the HSA open. Furthermore, individuals and families can have more than one account.

³ See Figure 6 in <http://www.mercer.com/newsroom/national-survey-of-employer-sponsored-health-plans-2015.html> and Figure 22 in <https://www.towerswatson.com/DownloadMedia.aspx?media={B8A0E0E4-7130-43A2-97E2-E97D0DD2C20F}>

⁴ See the literature review in Bundorf (2012) as well as more recent research in Brot-Goldberg, et al. (2015), Fronstin and Roebuck (2013); Fronstin, Sepulveda and Roebuck (June 2013); Fronstin, Sepulveda and Roebuck (December 2013), and Fronstin and Roebuck (2014).

⁵ See AHIP (2014).

⁶ See <http://www.devenir.com/research/2015-year-end-devenir-hsa-research-report/>

⁷ See Fronstin and Elmlinger (2015).

⁸ There are exceptions to the comparability rule. For instance, employers may make matching contributions that are conditional on a contribution by the employee if done through a cafeteria plan. Furthermore, employers may contribute more to the HSAs of non-highly compensated employees.

⁹ See https://www.dol.gov/ebsa/regs/fab_2004-1.html

¹⁰ See https://www.dol.gov/ebsa/regs/fab_2006-2.html

¹¹ See <https://www.gpo.gov/fdsys/pkg/FR-2016-04-08/pdf/2016-07924.pdf>

¹² More information can be found at <http://www.hsabank.com/hsabank/campaign/DOL-fiduciary-standards-white-paper>

¹³ See Exhibit 5.1 in <http://kff.org/report-section/ehbs-2016-section-five-market-shares-of-health-plans/>

¹⁴ See Exhibit 8.5 in <http://kff.org/report-section/ehbs-2016-section-eight-high-deductible-health-plans-with-savings-option/>

¹⁵ See https://www.ahip.org/wp-content/uploads/2015/11/HSA_Report.pdf

¹⁶ See Figure 3 in <http://www.mercer.com/newsroom/national-survey-of-employer-sponsored-health-plans-2015.html>

¹⁷ See Figure 11 in <https://www.cdc.gov/nchs/data/nhis/earlyrelease/insur201609.pdf>

¹⁸ See Figure 9 in <http://www.mercer.com/content/mercerglobal/all/en/newsroom/modest-health-benefit-cost-growth-continues-as-consumerism-kicks-into-high-gear.html>

¹⁹ According to Devenir, there were 16.7 million accounts holding \$30.2 billion in assets as of Dec. 31, 2015. See <http://www.devenir.com/research/2015-year-end-devenir-hsa-research>

²⁰ Several recordkeeping organizations have provided de-identified data on HSA owners as of year-end 2015. Records are de-identified prior to inclusion in the database to conceal the identity of account owners, but the data are coded so that account owners can be tracked over time, a unique aspect of the EBRI HSA Database. At no time has any nonpublic personal information that is personally identifiable, such as Social Security number, been transferred to or shared with EBRI. A unique aspect of the de-identified coding is that the EBRI HSA Database can link the accounts of each individual with more than one account in the database while still preventing the identification of the individual, thus permitting the aggregation of the HSA balances of individuals with multiple accounts, within or across recordkeepers contributing to the database, providing a more complete picture of the number of individuals with accounts and their HSA balances. Moreover, the EBRI HSA Database contains information about the year of birth of account owners, individual and employer contributions, beginning- and end-of-year account balances, and the month and year the HSA was opened. A very small percentage (less than 0.5 percent) of accounts have an account-opening date prior to 2004. An HSA that was funded by amounts rolled over from an MSA was considered established on the date the MSA was established.

²¹ Accounts may have been closed for various reasons. For example, these accounts may have been transferred to another bank; the account owner may no longer have been covered by an HSA-eligible health plan or may have used all of the money in the account on medical services or taxable distributions; or the account holder may have died, with the account balance being distributed to the account of a beneficiary. Finally, accounts are closed when a service provider is acquired by a different service provider.

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