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strategy to employees

Oct. 28, 2022



Health savings accounts (HSAs) may still be used more as spending accounts than savings accounts, but the Plan Sponsor Council of America's (PSCA) [2022 Health Savings Account Survey](#), sponsored by HSA Bank, finds signs that retirement plans are starting to influence HSA program designs.

Most noticeably, half of large employers – and more than a third of respondents overall – indicate that they do or will position the HSA as part of a retirement savings

strategy to employees, according to the PSCA survey, which reported on the 2021

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that support the growth of these savings accounts.

These programs are the only account that offers a “triple tax” advantage for healthcare expenditures – offering the same pre-tax savings advantage and tax deferral on investment growth as 401(k)s, but also allowing for the tax-free withdrawal of those funds for eligible healthcare expenses. “The uncertainty of future health care expenses is a significant concern for many,” comments Hattie Greenan, director of research and communications, PSCA. “HSAs can be an important part of a holistic retirement savings approach to address these concerns.”

Those supportive structures notwithstanding, education remains a significant challenge for the employers that sponsor and look to encourage participation in these programs. Yet, most employers only provide education about HSAs during open enrollment (61%) or when onboarding employees.

Differences From 401(k) plans

One notable area where the design of most HSA programs differs from 401(k) programs is investable account assets – as HSAs are still largely treated by participants as short-term spending accounts for healthcare. Just 20 percent of account holders invest their assets in something other than money market funds – where \$1,000 minimum cash balance remains a threshold for directed investment by more than 80 percent of responding organizations.

“Incorporating HSA education as part of a broader financial wellness program throughout the year with multiple touch points, perhaps alongside your retirement plan education, would go a long way towards reframing HSAs,” said Ann Brisk, director of strategic partnerships at HSA Bank. “It is encouraging to see data documenting the expansion of these valuable resources across a wide variety of

employer sizes and worker populations. As we enter another open enrollment

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