

Gen Z Least Aware About HSAs

Amanda Umpierrez · 1 week ago



Image Credit: © Fizkes | Dreamstime.com

Out of all age groups, Gen Zers are the least versed on health care savings awareness, finds recent research from Inspira Financial.

A survey by the health, wealth, retirement, and benefits solutions provider examined how four generations are using health savings accounts (HSAs), finding that the youngest age cohort is the least likely to know that they would need to make a co-payment towards their HSA. This compared to 20% of Gen Xers and 10% of Baby Boomers and senior patients who were unaware.

The lack of awareness extends to their savings habits, adds Inspira Financial, as one-third of employees under the age of 30 report contributing zero dollars into their HSA while only 14% contribute \$3,000 per year. In fact, compared to other generations, respondents under age 30 are the most likely to contribute nothing to their HSA and the least likely to provide more than \$3,000 annually. Those between the ages of 60 to 64 and 50 to 59 were the most likely to add an HSA contribution of over \$3,000 each year (at 47% vs. 45%, respectively).

Michael Eldredge, HSA investment product manager for Inspira Financial, notes that while participants can reexamine their spending levels in retirement, there is little flexibility for adjusting medical needs and spending.

“People joke about having chicken instead of steak to downsize in retirement,” he writes in the research. “You can’t downsize health. It’s a more prominent concern, frankly, than going on trips and doing optional things.”

This is especially prevalent for Gen Z participants, Inspira adds. According to a report by McKinsey, Gen Zers have the “least positive life outlook, including lower levels of emotional and social wellbeing than older generations.” It’s also important to add that younger generations are the most outspoken over their mental and emotional wellbeing, and likelier to take action on their mental health, according to a 2023 Gallup study.

Employers have an opportunity to build financial literacy and encourage HSA utilization for young professionals through the use of workplace benefits and financial incentives, adds Inspira. “Longer savings horizons allow key benefits of the HSA to truly shine,” states the research. “Consider workplace benefits and incentives to promote savings capacity. As Gen Z learns to navigate benefits offerings and meet holistic wellness goals, HSAs will be a key part of a competitive offering.”

Author



AMANDA UMPIERREZ

Amanda Umpierrez is the Managing Editor of 401(k) Specialist magazine. She is a financial services reporter with over six years of experience and a passion for telling stories and reporting news. Amanda received her degree in journalism and government and politics at St. John’s University. She is originally from Queens, New York, but now resides in Denver, Colorado with her partner. In her free time, Amanda enjoys running, cooking, and watching the latest drama show.