

# The HSA Handbook for Every Generation



**Find out how HSAs help employees  
in their different life stages –  
and how to talk to them about it, too.**

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# Introduction

As an employer, you understand the importance of competitive benefits in attracting and retaining talent, which includes offering stellar healthcare benefits that offer employees choice and tools to make the right decisions. Employers are more and more often choosing Health Savings Accounts (HSAs) to accomplish this and save costs at the same time. But HSAs are relatively new and frequently misunderstood by both consumers and employers. Research has found that not only is the jargon confusing, but HSAs suffer from common misconceptions that hurt the adoption and value of these accounts. One common misconception is that they're not relevant to or valuable in every life stage.

This resource is designed to help you provide tailored support to your entire team in selecting and maximizing an HSA benefit. We'll look at:

- What defines each generation
- How HSAs are relevant in their current life stages, and
- How you can best communicate this information to them with their life stage circumstances in perspective

We'll also highlight two themes that appear in each generation. Awareness of these common patterns will help you brainstorm benefits communication and follow-up in a way that's simple, repeatable, and scalable for your company. (Get ready: the commonalities might surprise you!) Lastly, we will provide you with additional resources that are sure to increase your knowledge and boost your confidence in navigating the nuances of HSA conversations.

**Let's get started!**

## Chapter 1

# Baby Boomers



Former presidents Donald Trump, George W. Bush, and Barack Obama, are all Baby Boomers!



Economic growth during their peak years contributed to financial success for many Boomers.



Nearly 1 in 5 Baby Boomers has accumulated investable assets of over half a million dollars.

If you were born between 1946 and 1964, then you're a Baby Boomer, per the Pew Research Center. This generation, now aged 55-73, acquired its name thanks to the surge in births after WWII. During that time, nearly 77 million babies were born in the United States.

Boomers, who represent roughly 23% of the American public, are currently duking it out with Millennials to determine who is the largest living generational group. However, there's no doubt who holds the title of wealthiest generation in history. According to a Deloitte Insights report, Boomers – having benefited from a long period of economic growth during most of their peak earning years – control 70% of all disposable income in the United States. By 2030, they're expected to have over \$53 trillion in wealth – about 45% of total household wealth. Further, nearly one in five Boomers has accumulated investable assets of over half a million dollars. On the other end of the spectrum, one-third of Boomers have nothing saved for retirement.

<sup>1</sup>Pew Research Center, "Defining generations: Where Millennials end and Generation Z begins," Jan. 17, 2019

<sup>2</sup>Deloitte, "The future of wealth in the United States: Mapping trends in generational wealth," Nov. 10, 2015

<sup>3</sup>CBS, "Tough retirement realities for baby boomers," Oct. 22, 2018

# HSA-Driven Solutions to Health Benefits Concerns

**Increased time in the workforce** is an option many Boomers are considering. A Fidelity study predicted that a married couple retiring in 2019 can expect to spend a combined \$285,000 on healthcare alone during retirement. Expenses of that magnitude can make retirement intimidating rather than exciting. Those numbers also explain why 65% of Boomers plan to work past age 65 or don't plan to retire at all.

**Extended retirements** are another reality many Baby Boomers face. Retiring at a rate of 10,000 people per day, the first Boomers began retiring in 2012. Boomers are also the longest-living generation in history with a life expectancy of 10+ years more than their parents. That means they will consume an outsized portion of healthcare benefits and will require more money for longer retirements.

**Isolation** is a legitimate area of crisis for the Baby Boomers. Why? Data shows: The divorce rate among those 50+ is spiking and about eight million Boomers don't have a spouse, partner, or living child. As a recent Wall Street Journal article explored, more Boomers are aging alone than members of any other generation in U.S. history. The publication described this social isolation as "a public health threat" that costs Medicare \$6.7 billion each year on nursing facilities and hospital stays for those without a network to care for them.

**Share these three key points with Baby Boomers to inform them about the ways an HSA can help address their health benefits concerns:**

1. HSAs allow you to save smarter without working harder or longer.
2. Catch-up contributions can be taken from pre-tax income and are permitted beginning the year you turn 55.
3. Your social life and interests during retirement are important, and with the free time retirement offers, you may want an increased budget for social activities, entertainment, and travel. Building up an HSA now can free up your leisure budget later.

<sup>4</sup>Fidelity, "How to plan for rising health care costs," Apr. 1, 2019

<sup>5</sup>USA Today, "Boomers working to stay employed during golden years," Apr. 30, 2014

<sup>6</sup>The Wall Street Journal, "The Loneliest Generation: Americans, More Than Ever, Are Aging Alone," Dec. 11, 2018

# Tips for Engaging Boomers in the HSA Conversation



## **Find them online.**

According to a 2013 Google survey, Boomers spend more time online than they do watching TV in an average week with the internet being the primary way Boomers gather information about topics of interest. The majority also use social networking sites. To educate Boomers on their healthcare benefits, capture their attention with personalized online and mobile tools.



## **Help them set and achieve their financial goals.**

In this age of increased longevity, it's never too late to help Boomers achieve financial security, especially since so many face retirement with inadequate savings in the bank. Educate them about how to maximize their savings so they can save for future healthcare expenses while they're still members of the workforce. Provide them with tools like a savings goal calculator and an online dashboard that displays their savings progress to motivate and empower them on their financial health journey.



## **Target your benefits messaging specifically to Boomers.**

Create a personalized experience for older workers by emailing or texting them about concerns specific to their stage of life. Or, within your benefits portal, target them with resources and messaging that is relevant to them. For example, employees who are age 55 and above could be shown eye-catching banner ads reminding them they can make catch-up health savings account (HSA) contributions.

## Chapter 2

# Generation X



Gen X is often referred to as “neglected” or “the latchkey generation” because their parents were more likely to both be working – or divorced – than previous generations.



At 16 years, instead of the typical 20, the time span used to define Gen X is three-quarters of the time span used to define other generations.



Gen X is more diverse than the preceding generation, but less diverse than Millennials, with 61% of the generational population being white or non-Hispanic.

Sandwiched between two enormous generations – Baby Boomers and Millennials – Generation X is comprised of the 66 million people born between 1965 and 1981, making them anywhere between 38 and 53 years old in 2019.

Gen X is smaller because of lower fertility rates and because it spans just 16 years as opposed to the ordinary 20 years that define other generations. It’s also been more difficult to pin down: while Boomers are predominantly white, Gen X is middle of the road in terms of diversity, as 61% of this generation is white or non-Hispanic. Though Millennials surpassed Gen X as the largest labor force in 2016, Gen X is in second place with 53 million Gen Xers working or looking for work.

# HSA-Driven Solutions to Health Benefits Concerns

**Limited retirement funds** are a serious concern for many Gen Xers. Hit hardest by the Great Recession, Gen X is more skeptical than other generations that they'll have enough money for retirement. In 2018, wealth management firm Personal Capital found that a third of Gen X have no money saved for retirement. In other words, they'll need extra assistance shoring up for healthcare expenses later in life.

The children of aging parents and parents themselves, Gen Xers are very likely to be **caregivers for two generations**. No wonder almost three-quarters of them consider themselves their family's chief health decision makers! According to Deloitte Consulting, Gen X should see the greatest increase in income and savings over the next 11 years, amassing \$37 trillion by 2030 and overtaking Boomers as the wealthiest generation. While this may help with the financial burden of caring for children and older parents.

**Share these four key points with Gen Xers to inform them about the ways an HSA can help address their health benefits concerns:**

1. An HSA is a vital companion to the 401(k). With an account dedicated to health-related expenses, which tend to be high during retirement, you can use your 401(k) for living and leisure expenses during retirement.
2. HSAs can serve your family's health and medical needs now. Many non-medical health and personal care items – like contact solution, bandages, and sunscreen – are covered by HSAs. As long as the funds are used for qualified medical expenses, there's no penalty for using them before a certain age.
3. HSAs are not “use it or lose it” accounts. You can take yours with from job to job and into retirement.
4. HSAs are excellent investment tools to build up for the years after you leave the workforce, and knowing you have a nest egg can reduce stress in the present.

<sup>8</sup>Personal Capital, “Will Social Security Save Retirement?” Jun. 26, 2018

<sup>9</sup>Deloitte, “The future of wealth in the United States: Mapping trends in generational wealth,” Nov. 10, 2015



# Tips for Engaging Gen X in the HSA Conversation



## **Establish trust to earn loyalty.**

Known for questioning authority and big business, Gen Xers are also known for loyalty to their physicians and to brands. Use open, transparent, and evidence-based communication.



## **Reach them with video.**

Gen Xers are responsible for 1.5 billion YouTube views each day, and they're particularly into DIY videos: 73% turn to YouTube to learn how to do something and 64% have purchased products or services found in DIY videos. Integrate video into your employee benefits education!



## **Align with executives.**

Most Gen Xers have 20 years of workplace experience under their belts, and this generation currently holds 51% of business leadership roles globally, which means they're the ones most likely to be calling the shots about employees' healthcare benefits. Tailor your messaging to your experienced, leadership-oriented, and driven audience.



## **Provide the right information.**

Remember that Gen Xers are caring not just for themselves, but for the generations on either side of them. They're likely looking for benefits information that applies to themselves as well as to their multi-generational family members.



## **Engage them with social media.**

New research found that 54% of Gen Xers consider themselves digitally savvy.<sup>9</sup> This generation uses social media more than any other generation (40 minutes more each week than Millennials!) and is more likely to stay on their phones at the dinner table. They also log the most amount of time on every device (phones, tablets, and computers).



## **Focus on retirement goals.**

Gen Xers are looking for ways to maximize retirement savings. Remind them that with HSAs, they can accumulate and invest their savings tax-free, earmarking it for qualified medical expenses during retirement.

<sup>9</sup>Google, "Marketing to Gen Xers? Here's what they're watching on YouTube," Jan. 2017

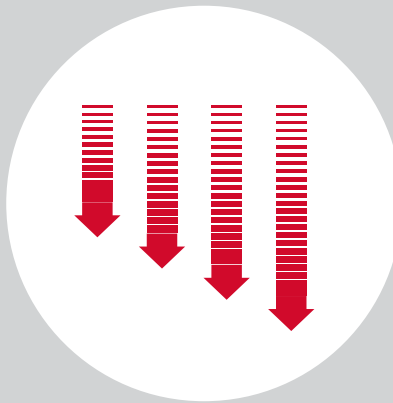
<sup>11</sup>CNBC, "Generation X – not millennials – is changing the nature of work," May 9, 2018

## Chapter 3

# Millennials



One impact Millennials have made on the workforce is that more women than ever are working in professional settings.



Unlike Baby Boomers, Millennials entered the workforce in an economic recession and with staggering amounts of student debt.



The advancement of tech and social media allowed Millennials to dramatically change a fast-paced, hyper-connected world.

Comprised of those born between 1981 and 1996, the Millennial generation has several unique hallmarks. Millennials (sometimes known as Gen Y) are the largest living generation and have the greatest generational presence in the U.S. workforce – and they’re also the most racially and ethnically diverse adult generation in American history. The Pew Research Center notes that “most Millennials were between 12 and 27 during the 2008 election, where the force of the youth vote became part of the political conversation and helped elect the first black president.” Of course, Millennials also came of age during the explosion of the always-on internet era, with many learning to use computers and cell phones in elementary and middle school. Technology has had a tremendous impact on their communication methods and preferences.

Fiscally, Millennials were dramatically impacted by the Great Recession and had to enter a struggling job market while dealing with record high levels of student loan debt. This economic downturn affected everything from Millennials’ life choices to their future earnings. Millennials have made a notable recovery, as young adult households now earn more than older generations did at the same age. Pew also reports that Millennials are making more than other generations because Millennial women are working more in professional settings and being paid more than women in previous generations.

# HSA-Driven Solutions to Health Benefits Concerns

**Position longevity is decreasing** and changing employers every few years becomes more common. HSAs are commonly thought of both as “use them or lose them” accounts and as accounts that are wiped out during job changes.

**Financial health and cost transparency** is a priority for Millennials – no surprise given the economy they inherited. Less likely to have a primary care physician, Millennials are more responsive to health technology tools and well-staffed facilities with clear pricing. According to a Washington Post story, “Many young adults are turning to a fast-growing constellation of alternatives [to traditional hospitals]: retail clinics carved out of drugstores or big box retail outlets; free-standing urgent care centers that tout evening and weekend hours; and online telemedicine sites that offer virtual visits without having to leave home. Unlike doctors’ offices, where charges are often opaque and disclosed only after services are rendered, many clinics and telemedicine sites post their prices.”

**Poor physical health** may be on the horizon for Millennials later in life. According to one report, problems with employment, relationships and housing may lead to an increased risk of Millennials developing cancer, diabetes and heart disease later in life. And a study from King’s College London found that lonely millennials are more likely to develop mental health problems and to miss work than their peers.

**Share these three key points with Millennials to inform them about the ways an HSA can help address their health benefits concerns:**

1. As you advance in your career, your HSA will come with you! No need to worry about losing it when you change jobs.
2. An HSA can be managed digitally.
3. Not only is an HSA a useful tool for immediate health expenses; It’s also a great investment tool for long-term financial health.

# Tips for Engaging Millennials in the HSA Conversation



## **Reach them where they are.**

Nearly 100% of Millennials own a smartphone and use the internet regularly. They're also more likely than other generations to search for the online rating of a doctor or hospital. Provide Millennial employees with online tools and resources that make it easy for them to learn about and engage with their healthcare benefits.



## **Encourage them to also look beyond the internet for health insurance information.**

Millennials engage with their smartphones more than they do with other humans and struggle with loneliness in great numbers, so brainstorm ideas to start offline benefits conversations both inside and outside of the workplace.



## **Provide the right benefits plan.**

Millennials prioritize benefits over pay, but they also tend to put off care and favor of DIY diagnoses to save money. Offer benefits that link Millennials to healthcare providers they can trust.



## **Help them develop a long-term vision.**

To help them understand that insurance is not optional, try educating them on the simple facts – for example, that medical expenses are the most common cause of bankruptcies in this country and that the average couple retiring today at age 65 will need \$285,000 to cover healthcare and medical costs in retirement.



## **Provide benefits that make healthcare more affordable.**

To introduce Millennials to tax-advantaged accounts like health savings accounts (HSAs) and flexible spending accounts (FSAs), develop talking points about how these accounts can provide Millennials with key tax-free savings and withdrawals (if used for qualified medical expenses) and offer them a way to gain some financial security.

## Chapter 4

# Generation Z



80% feel distressed when kept away from their personal devices.

98% own a smartphone.



The oldest Gen Zers are just starting to enter the workforce.



Gen Zers are likely to temper their youthful optimism with more financial pragmatism than Millennials.

Born between 1997 and 2012, Gen Z represents a quarter of the U.S. population. The oldest among them will turn 22 in 2019; most are still in their teens or younger. Even though many have not yet entered the workforce, now is a great time to anticipate how they are different from their Millennial predecessors as well as from their Gen X parents, and determine what tools and initiatives might best serve their interests. Their impact on the healthcare industry – and on every industry – will be enormous.

Gen Zers are the most ethnically diverse generation to date with 49% identifying as non-white (compared to 44% of Millennials), and they're on track to be the most well-educated and the most digitally ensconced generation yet. When it comes to their political and social opinions, this generation thus far appears markedly in line with Millennials. However, they have also been called the “anti-Millennials” because they eschew consumerism and are thus far more economical. A few years ago, Fast Company called this generation “frugal, brand-wary and determined” and “prepared to fight hard to create a stable future for themselves.”

<sup>13</sup>MediaKix, “The 11 Generation Z Statistics Advertisers Must Know,” Mar. 14, 2017g

<sup>14</sup>Fast Company, “Your Guide to Generation Z: The Frugal, Brand-Wary, Determined Anti-Millennials,” Sep. 8, 2016

# Tips for Engaging Gen Z in the HSA Conversation



## **Connect them to a real-life healthcare mentor.**

Even this generation of digital natives needs real people with whom to process questions and concerns. In one survey, Gen Zers noted that healthcare benefits were the most important benefit to them, closely followed by a mentorship program (33%). Pair your Gen Z employee with a mentor to walk them through available plans.



## **Appeal to their frugality.**

Per Lincoln Financial Group, 51% of those aged 18 to 22, and 43% of those aged 16 to 17, are concerned about not achieving their financial goals. The Inquisitr writes, “Generation Z, the children of the Great Recession, are echoing the frugality of the children of the Great Depression beginning in 1929.” Gen Z employees will likely be receptive to education about the benefits of saving for retirement early on and how to do that with an HSA.



## **Be selective about social channel outreach.**

About half of Gen Z is on Facebook, with far more of them reporting that they use Snapchat, YouTube and Instagram (in that order of preference) to interact with friends and brands. In fact, 70% of Gen Zers watch more than two hours of YouTube everyday – often for educational purposes! Incorporate these social channels into your healthcare communications.



## **Opt for texts with emojis, GIFs, and photos, instead of email.**

As another testament to this generation's preference for visual and video mediums, according to Fast Company, “Email is an outmoded method of communication reserved for school assignments and not much else. My youngest employees treat email the way that I looked at the fax machine when I got my first real job: a relic from a bygone era, and an absolute last resort if efficient communication is the goal.” An email campaign will likely fall on deaf Gen-Z ears.

<sup>15</sup>Medium, “What 5,000 Gen Z'ers Tell Us About the Future of Work,” Nov. 30, 2017

<sup>16</sup>Lincoln Financial Group, “Make way for Gen Z,” 2017

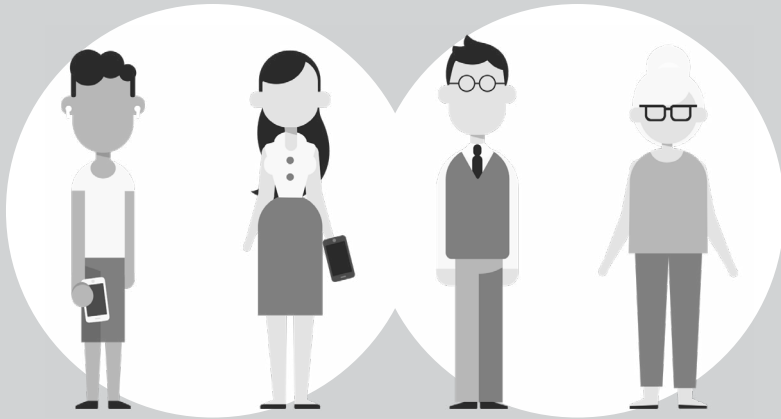
<sup>17</sup>Inquisitr, “Generation Z Are Called The ‘Anti-Millennials’: Experts Weigh In On What Makes Gen Z Tick,” Mar. 30, 2018

<sup>18</sup>Pew Research Center, “Teens, Social Media & Technology 2018,” May 31, 2018

<sup>19</sup>Fast Company, “Gen-Z employees don't do email,” Nov. 9, 2018

## Chapter 5

# Generation Themes



Although every generation has unique populations in varied life stages, two common threads run through every generation that factor into the success and scalability of your health benefits communications.

### **Technology is a recurring factor in every generation's communication preferences.**

Although communication is extremely different now than it was when Baby Boomers and even Generation X made their entrances into the world, every generation is adapting rapidly. Video communication through Snapchat, Instagram, and text messaging, is highly popular while reliance on email and Facebook are decreasing. Technology provides the accessibility to information and care that on-the-go Generations X, Y, and Z are demanding, and even Baby Boomers have a notable reliance on the internet for information and entertainment. Utilize technology to communicate with and provide tools to all generations.

### **Although it might seem like a contradiction to the push for digital information, all generations are craving connectivity** – not to WiFi or cellular networks, but to other people.

To recap, isolation is a problem every generation struggles with. Many Boomers are aging alone; Gen Xers are caring for two generations in addition to themselves; and Millennials and Gen Zers are dedicating hours of their daily lives to screen time. To best serve every generation simultaneously, take their needs for conversation, connection, and mentorship seriously. Get creative about getting people off their devices and in active community with each other. Ideas include screen-free socials and internal digital mentorship networks (the best of both worlds!) that provide employees with a platform to express what they need to be taught – and what they can teach others – about healthcare.

# Communication Strategy Cheat Sheet

Generation	Key Characteristics	Generational Health Benefits Concerns	Communication Highlights
<b>Baby Boomers</b> 1946–1964	<ul style="list-style-type: none"> <li>• Wealthiest generation in U.S. history</li> <li>• Larger than Gens X and Z</li> </ul>	<ul style="list-style-type: none"> <li>• Increased time in the workforce</li> <li>• Extended retirements</li> <li>• Isolation</li> </ul>	<ul style="list-style-type: none"> <li>• Social networking sites</li> <li>• Digital portals</li> </ul>
<b>Generation X</b> 1965–1981	<ul style="list-style-type: none"> <li>• Smallest generation</li> <li>• Second largest labor force w/ a large executive presence</li> </ul>	<ul style="list-style-type: none"> <li>• Caregivers to two generations</li> <li>• Limited retirement funds</li> </ul>	<ul style="list-style-type: none"> <li>• Social media and video</li> <li>• Focused communication that targets their needs as individuals and as caregivers</li> </ul>
<b>Millennials</b> 1981–1996	<ul style="list-style-type: none"> <li>• Entered workforce in economic recession</li> <li>• More ethnically diverse than previous generations</li> </ul>	<ul style="list-style-type: none"> <li>• Increased employment changes</li> <li>• Financial health &amp; cost transparency</li> <li>• Potential physical health issues</li> </ul>	<ul style="list-style-type: none"> <li>• Smartphone-compatible communication</li> <li>• Offline communication</li> <li>• Emphasis on long-term goals and affordability</li> </ul>
<b>Generation Z</b> 1997–2012	<ul style="list-style-type: none"> <li>• Heavy reliance on technology</li> <li>• Ethnically diverse</li> </ul>	<ul style="list-style-type: none"> <li>• Education needed as the eldest Gen Zers are just entering the workforce</li> </ul>	<ul style="list-style-type: none"> <li>• Mentorship</li> <li>• Emphasis on frugality</li> <li>• Videos, GIFS, and photos, and text messaging; avoid email</li> </ul>





# Conclusion


As we've discussed, it's important to know that no two generations are the same. Each was born into a different moment in history – culturally, politically, and economically. It follows that each generation has its own set of needs and priorities, as well as different preferences for communication. Despite the differences, there are also similarities in each generation; primarily, their needs for authentic human connection and their marked preference for simple, engaging, digital communication. Each generation also stands to benefit dramatically, both now and in the future, from learning about and utilizing a Health Savings Account. Using the information provided in this e-book, we encourage you to develop effective communication strategies about HSAs that are relevant to your entire team.

We also encourage you to check out [this short blog post](#) about common HSA/FSA misconceptions and [this in-depth report](#) about the burdens of paying for healthcare in America. Both will bolster your ability to educate and empower your employees in every HSA communication you have.


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