

How to Find a Good Health Savings Account

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I recently got to do something I've been wanting to do for a long time: enroll in a high-deductible health insurance plan that qualifies me for a health savings account (HSA).

I know, I know. It's not exactly a dream vacation or even a new iPhone. But what can I say? I'm a huge money nerd and this kind of thing gets me excited.

And you know why? Because health savings accounts are badass! They let you:

- Contribute money tax-free,
- Invest the money tax-free, and
- Withdraw the money tax-free for medical expenses

That's right, they are the **ONLY** savings account that allows you to save and then spend your money **COMPLETELY TAX-FREE**.

This makes them a fantastic way to save money on medical expenses. But it also makes them quite possibly the best retirement account out there. Every other retirement account either taxes your money on the way in (Roth IRA) or on the way out (401(k) and Traditional IRA).

A health savings account lets you skip taxes all the way through.

So yeah, I was pretty excited about the chance to finally open one and start contributing!

Of course, this new opportunity brought up a big question: **what's the best place to open a health savings account?**

I've done this research for a few clients before, but this was the first time I was forced to do it for myself. And to be honest, every time I've looked into this I've found the search to be a little confusing. There are a lot of options and a lot of different variables to consider, and it can quickly feel overwhelming.

So in this guide I'm going to share the steps I took to find the best health savings account for my personal needs. Here's what we're going to cover:

- How I plan on using the money in my health savings account
- The factors I considered when looking at different accounts
- The search tools I used to find and compare HSA providers
- Which providers I ended up liking and why

I do want to be clear up front that I'm actually not an expert on this specific topic and that it's entirely possible that there are better providers than the ones I chose, especially if you have different needs or preferences than I do.

But my hope is that by showing you my process, it will be easier for you to find the right health savings account for your own needs when the time comes.



My goals: how I plan on using the money in my health savings account

How you plan on using the money in your health savings account has a big impact on how you should invest it, and therefore who the best provider might be.

If you plan on using the money for current medical bills, keeping it in some kind of savings account probably makes the most sense. If you plan on investing it for the long-term, you would probably prefer a provider with solid investment options.

Looking at my personal needs, my family is pretty healthy. Aside from the occasional ear infection and other little trips to the doctor, mostly for our kids, we don't typically have much in the way of medical expenses.

Still, I like the idea of having some dedicated money set aside in case we run into a larger than expected medical bill. And having it in a tax-advantaged place like a health savings account is pretty appealing.

So here's the simple plan I came up with:

1. Keep \$2,000 of our HSA in a safe investment. Something like a savings account where we can earn some interest and know that the money will be there when we need it.
2. All HSA contributions on top of that \$2,000 will be invested in line with my personal investment plan

The factors I considered when comparing HSA providers

My two different goals introduced a little complexity to my search for the best health savings account. After all, the best provider for a safe, interest-earning account might not be the same as the best provider for long-term investing.

Still, in either case the first step was to collect information and figure out what my options were. Here are the main variables I considered.

Interest rate – This was a bigger factor for the \$2,000 I wanted to set aside specifically for medical expenses. While the difference between 0.1% and 1.5% on \$2,000 certainly isn't life-changing (about \$28 per year), all else being equal I would rather earn more than less.

Fees – Fees are always a big deal with any kind of investment account or savings account, and HSAs are no different. I looked at setup fees, annual fees, monthly fees, trading fees, overdraft fees, debit card replacement fees, and anything else they may be able to charge me. The lower the fees the better.

Eligibility – A lot of the health savings accounts with competitive interest rates are run by local credit unions that have eligibility requirements, such as living in a particular state. Sometimes these requirements could be waived with a small contribution to a local charity and sometimes not.

Ease of use – Could I utilize online banking and was the website easy to navigate? Did they provide a debit card for easy payment at the point of care? Could I apply online or would I need to print out and mail in a bunch of paper forms?

Investment options – For the long-term investment portion of my money, I wanted to see high quality, low-cost investment options that aligned with my personal investment philosophy.

Minimum balance – Was there a minimum balance required to open the account? Did I need to maintain a minimum balance to either earn a certain interest rate or avoid certain fees?

The search tools I used to find and compare HSA providers

I ended up using three main tools to find and compare health savings account providers.

I started with the site [HSA Rates](#), which was particularly helpful for finding health savings accounts with competitive interest rates. Here's how I used it:

1. I updated the **Amount** field to \$2,000, since this was the amount I planned to contribute.
2. I left the **State** field as **All** because I'm comfortable doing all my banking online, even if there isn't a branch near me.
3. Starting at the top of the search results, I clicked the + sign for each option to see more about fees, online access, and eligibility requirements.
4. For any providers that looked interesting, I clicked through to their site to learn more and see if their might be any fine print

That was the most helpful site for finding an HSA provider for my safe money because I could quickly look through the accounts paying the best interest rates and make a list of the ones I was eligible for.

Another site that could be helpful, though I didn't end up using it much, is [hsasearch.com](#). I didn't find it to be as helpful as an initial search tool because you have to click through to each individual page to see details of each account, as opposed to [hsarates.com](#) where you can see it all right on the search page. But they do have a compare tool that could be an easy way to compare a few different providers side-by-side. I made my own spreadsheet for this purpose, but you might find the website easier to use.

The other tool I used was simply Google. This was especially useful for finding good health savings accounts for the investment side of things, where the two sites above kind of fell short. I simply Googled "best hsa for investing" and got a number of good results. Here are the articles I found most helpful:

- [HSA custodians and options](#)
- [Best HSA Provider for Investing HSA Money](#)

Which providers I ended up liking and why

Despite all my research, I haven't actually opened a health savings account yet. That's primarily because I'll probably end up opening it through my business and I'm still trying to figure out which hoops I have to jump through to do that.

But I'm pretty sure I know who I'll go with when it's all up and running, so here it is.

For savings: Alliant Credit Union

Here's what I like about them:

- No major fees other than a \$10 contribution to the charity Foster Care to Success to become a member if you're not a local resident or otherwise eligible.
- 0.65% interest rate. This isn't the best I found but it was competitive.
- Debit card to pay for medical expenses.
- Online banking and a website that seems easy to navigate.
- No minimum account balance.

[Here's the page where you can check out their health savings account.](#)

Now, this wasn't the best interest rate or lowest setup fee that I found. Some providers that I wasn't eligible for had better deals, so depending on where you're located and what organizations you belong to, you may be able to find a better provider than I did.

And there were a few providers I was eligible for who DID offer a better deal. For example:

- [Connexus Credit Union](#) offered 1% interest with a \$5 setup fee.
- [First Technology Federal Credit Union](#) offered 1% interest with an \$8 setup fee.
- [Coastal Federal Credit Union](#) offered 1.50% interest with an \$18 setup fee.

But I chose Alliant over those other options for two main reasons:

1. Assuming that I consistently keep my balance at around \$2,000, the difference in fees and interest rates would only lose me about \$10 per year.
2. As it turns out, Alliant was also one of the most desirable investment options, but in order to use it you have to keep at least \$1,000 in their savings account. So by sacrificing \$10 per year in interest/fees, I was able to have all my HSA money in one place. That convenience was worth it to me.

For investments: Alliant Credit Union

Yep! The exact same company. I didn't expect to be able to keep everything with the same company, but after reviewing all my options this seemed like the best move.

Here's what I like about them:

- Access to high quality, low-cost Vanguard index funds.
- Easy online access.
- No custodial fee (unlike some of the other options I'll mention below).
- The ability to have the savings and investment components of my health savings account with the same company.

[Here's the page that explains the investment aspects of their HSA.](#)

They do have a \$5.95 monthly fee, which I don't love. But the alternatives I found weren't much better in that regard.

They also require you to keep \$1,000 in the savings component of their HSA, which may be a sticking point for some. But since I plan on keeping \$2,000 there anyways, this didn't matter to me.

Here are some of the other good options I found, along with why I didn't end up choosing them.

[SelectAccount](#) – This one was actually brought to my attention by Vin in the comments and has since been added. Thanks Vin! There's an \$18 annual fee for the privilege of investing, along with a requirement to keep \$1,000 in an HSA savings account that would earn between 0.10% and 0.20% interest. The initial investment options aren't great, but once you have a \$10,000 balance you can access Schwab's brokerage platform, opening up a much wider range of investments. All in all it looks like a very good option.

[HSA Bank](#) – In all honesty, going with HSA Bank would have saved me a small amount of money. They charge a \$5.50 monthly maintenance fee unless you keep \$5,000 in the low-interest savings account, which I wasn't willing to do. Still, that \$5.50 is less than Alliant's \$5.95, and HSA Bank also has access to great Vanguard investments. In the end, the convenience of Alliant won out over the small monthly savings.

[Saturna Capital](#) – This is another good option that would actually cost less if I used it right. They have no annual or monthly fee but they charge you \$14.95 per trade in your investment account, plus another \$4 per year to reinvest the investment dividends. Assuming I invested in one stock mutual fund and one bond mutual fund, and that I made my entire annual contribution once per year, I would end up paying \$38 per year, which is about \$33 less than with Alliant. I'm not sure I would actually end up using it that way though, so for now I'm passing.

[Health Equity](#) and **[Health Savings Administrators](#)** – These two are very similar so I'm lumping them together. Both give you access to great investments. Health Equity has a \$36 annual fee and Health Savings Administrators has a \$45 annual fee, both of which are lower



than Alliant. The big catch is that they each charge you about 0.25% on your account balance each year, on top of the annual fee, and that really adds up over time. That one fee was enough for me to pass on both options.

Excited to get started!

So that's how I went about my personal search for a health savings account and how I found the best HSA providers for my personal needs.

I honestly don't for sure that they're the absolute best options out there, but I know they'll do a good job of meeting my needs. And no matter what I'm excited to finally have access to this awesome account!



Want More Guidance?

I know how hard it can be to balance all the financial responsibilities that come with starting a family. From paying your bills, to saving for the future, to trying to enjoy yourself in the meantime, it's not easy figuring out what to prioritize and how to find room for everything.

As a fee-only CERTIFIED FINANCIAL PLANNER™ who specializes in working with new parents, I work every day with other parents who want to make the right financial decisions for their families. And as a dad with two young boys myself, my wife and I are going through many of the same things you are.

It's not easy. And that's why I offer a range of options for you to get more guidance.



If you'd like more help with your financial questions, here are a few different ways you can get it:

- The [Jump Start Session](#) allows us to work together to craft a personalized financial plan for your specific goals and situation. And it's pay-what-you-can so that you can get the advice you need at a price you can afford.
- If you're more of a DIYer, I offer a variety of [financial guides](#) designed to walk you step-by-step through the most important parts of your financial plan..
- Please feel free to email me any time with any questions that are on your mind. I'd love to hear from you and I'm always happy to help. My email address is matt@momanddadmoney.com.