Which is the Best HSA? Fidelity vs Lively Review

[Editor’s Note: We changed our guest post process 6 months ago to clear a backlog in guest posts we had and help us to manage them more efficiently and improve the quality of the content. Basically, now we take a look at guest posts once a quarter and choose the best 12 to run that quarter. Of course, human nature being what it is, our backlog has completely dried up and few send us guest posts any more. For the second quarter, we only had four acceptable submissions. That’s okay with me, we don’t have to run guest posts, but we’ve decided to extend our submission period for the second quarter until April 1st. So if you’d like to send us (jill (at) whitcoatinvestor.com) a guest post, now would be a great time. Here are the guidelines.]

Last year about this time I wrote a post about the Best Health Savings Accounts (HSAs) for those in my situation, i.e. those using an HSA as another retirement investing account. I was looking for the lowest possible fees and the best possible investments. I ranked and reviewed the twelve best HSAs. Lively came out on top, but not by much. At that time, I was with the second choice on my list, HSA Bank, and the difference in my case was only about $35 a year. That wasn’t quite enough money for me to overcome my inertia and switch.
I Moved My HSA To Fidelity

Then, late in the year, a new development came on scene. Mutual fund giant Fidelity came out with an HSA. Even better, their HSA charges NO ANNUAL FEES AT ALL.

That was enough of a difference for me to get off my butt and actually make some changes. Even more motivating than lower fees was the opportunity to eliminate two financial accounts from my life. When I was at HSA Bank, I had an HSA Bank account and a TD Ameritrade account. By switching to Fidelity, I eliminated both of those two accounts from my life. I already had a Fidelity account (for the Fidelity 2% back card). Simplification is great.

I was worried I’d have to liquidate my account and move it over as cash. It doesn’t make sense to move in order to save $75 a year in fees if you’re out of the market for a few days and your HSA misses a $1,000 run up in the market. It turned out that was not an issue. I could just transfer my securities (100% VTI) in kind from TD Ameritrade to Fidelity. No big deal. There was a little bit of cash at TD Ameritrade and a little at HSA Bank and that came over as well. I combined the cash with my 2019 contribution ($7,000 for our family) and invested it into a similar Fidelity Index Fund. Not only does that mean I didn’t pay any commissions, but I don’t even pay
an expense ratio since I went with Fidelity’s fancy new Zero TSM Fund.

I attempted to do the entire rollover online but was stymied. However, a quick call to Fidelity got me a very friendly and competent representative who took care of it so fast I considered moving all my money from Vanguard to Fidelity. I took a few screen shots of the process you may enjoy seeing.

No big deal, right. Just hit next.

Then you just have to choose your sweep account. No big deal.
There’s obviously only one button to hit.

Agree to Terms

Open, read, and save each of the documents below.

- **HSA Agreements (PDF)**
  Custodial and brokerage agreements as well as information concerning privacy, fees, commissions, and FDIC-insured deposit sweep program

- **Terms & Conditions (PDF)**
  Terms and conditions applicable to opening your account

- **Trusted Contact (PDF)**
  Describes the role and disclosures of a trusted contact. Add it to your account after it has been successfully opened.

- **Householding of Shareholder Documents (PDF)**
  Description of how certain financial documents for your account will be delivered to individuals in your household

- **Electronic Delivery Agreement (PDF)**
  The consent to receive certain financial documents for this account electronically rather than through the U.S. mail

In this application, "you" refers to the account owner. If you are unable to view or access these documents, please exit this application. You may obtain paper copies of this application or any of these documents listed above at any time at no charge by calling 800-343-3548.

Do you agree to the electronic delivery of the above documents?

- [ ] Yes
- [ ] No

There’s all the fine print if you want to read it.

By selecting Open Account below, you acknowledge that you:

- Are the person named in this account application;
- Are eligible to open an HSA and are responsible for complying with IRS requirements for opening and making contributing to an HSA;
- Have been provided with the above documents electronically and do not need a paper copy;
- Have read and understood, and agree to be bound by the above documents, which set forth the terms and conditions of this account, as they are currently in effect and as they may be amended in the future, including but not limited to the applicable Fidelity IRA Custodial Agreement and Disclosure Statement, Brokerage Retirement Customer Account Agreement, Terms & Conditions, consent to Householding of Shareholder Documents, Electronic Delivery Agreement, and other documents;
- Will electronically sign this application by selecting Open Account.

This account is governed by a pre-dispute arbitration clause which is part of the Fidelity Brokerage HSA Customer Account Agreement and which is accessible by selecting the preceding link. By selecting Open Account, you acknowledge receipt of the pre-dispute arbitration clause.
See how easy this is? Click click click click.

Now all you have to do is transfer money from your bank (mine was already linked since I already had a Fidelity account) and buy an investment.

<table>
<thead>
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<th>Date</th>
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<tbody>
<tr>
<td>Contribution Year</td>
<td>2018</td>
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<tr>
<td>Annual Contribution Limits</td>
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<td>Individual Health Plan Coverage</td>
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<td>Family Health Plan Coverage</td>
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<td>Catch-Up Contribution for Individuals Age 55 and Older</td>
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</tr>
<tr>
<td>Amount</td>
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Note: You are responsible for determining your maximum annual contribution limit and ensuring that all your contributions to your HSA do not exceed it.
So I put my 2019 contribution in. Now there were a few more screens in there somewhere, but they were no more complicated than these. I just left them out because they showed my account numbers. It really was super easy to do this online, especially if you already have a Fidelity account. The rollover was a little trickier and I had to call customer service, but it happened very quickly and flawlessly. Now when I go into my HSA account, I can see my investments.

I log into Fidelity, click on the HSA account, and this is what I see:

![Fidelity HSA Account Screen]

Easy peasy. I have yet to pay any fee or commission whatsoever to Fidelity and I don’t have to do a thing with it until next January when I contribute again. Could I simplify things a little by paying $4.95 to sell VTI and buy FZROX with it? I suppose I could but….inertia. Maybe one of these days I’ll get around to it. The funds really are nearly identical.
The Lively Response

Right after I moved my account, Lively decided to match Fidelity by eliminating their already rock bottom fees in order to compete. By now my inertia had kicked in again and I really didn’t want to switch again just to go to Lively. Seriously, if they had made that change the week before I might have a Lively HSA. The downside of Lively for me is that I would still have that TD Ameritrade account to worry about and I would just be exchanging an HSA Bank account for a Lively account. But the fees would be almost the same. I would pay Lively nothing and I would pay TD Ameritrade $6.95 once a year to buy $7K of VTI. Super cheap.

Fidelity vs Lively Review

As far as I know, no other HSA providers have eliminated their fees. So today we’re going to go head to head comparing Lively to Fidelity. I will try to be as unbiased as I can be in my review, but that is going to be a little tricky for two reasons. First, I have a Fidelity account and second I am an affiliate partner with Lively. If you sign up for a Lively account through the links on this page, I make $10. Don’t worry, it doesn’t cost you any extra. We’ll compare them in a handful of ways and you can draw your own conclusions.
HSA Fees

This one is almost a straight up draw. They both charge $0 for the typical fees. However, Fidelity has one fee Lively doesn’t—a $25 account closing fee. Most HSAs have this, but Lively doesn’t.

Advantage Lively.

Investment Options

Both Fidelity and TD Ameritrade (linked to your Lively HSA) are full-service brokerage options. You can buy anything. TD Ameritrade charges slightly more ($6.95/trade) than Fidelity ($4.95/trade) but both have a robust offering of commission-free ETFs. Fidelity has over 500 ETFs on their list (including all the iShares and Fidelity ones you are likely interested in). TD Ameritrade has over 300 ETFs on their list including many iShares and SPDR ETFs. Fidelity also has its very low-cost index funds available commission free. Both brokerages will charge you a small commission to buy Vanguard ETFs.

The edge here has to go to Fidelity, but let’s be honest, the edge is very small and could easily be outweighed by other factors.

Cash Options

Sometimes you don’t want all of your HSA money invested. You want it sitting in cash waiting for you to spend it. At Fidelity, the usual place for cash is your CORE FDIC Insured account. I was surprised to learn it actually does pay interest. As of 2/15/19, it pays 0.37% on balances under $5K and 0.75% on balances over $75K. As of the same date, Lively pays 0.25% on < $2,500, 0.35% on $2500-5K, 0.45% on $5-15K, and 0.60% on $15K+. Now I suppose you could buy a money market fund at either brokerage as well. Fidelity offers its Prime MMF for no commission. It pays 2.27%. TD Ameritrade made it
very difficult to figure out what their best paying no transaction fee MMF was, but at a minimum you could pay a commission and buy a Fidelity or Vanguard Prime MMF.

Fidelity vs Lively—you really can’t go wrong with either.

The edge here again goes to Fidelity, although again, it is very small.

**Convenience**

This one is probably in the eye of the beholder. In my case, I already had a Fidelity account, so Fidelity is more convenient. If your employer uses Lively or if you already have a TD Ameritrade account, you may find Lively more convenient. Both are good companies with good customer service.

We’ll call this one a draw.

**HSA Features**

Now that we’ve looked at the fees and the investing features, you can see that there is very little difference between these two stalwarts. So let’s take a look at the HSA features. While these don’t matter all that much to me right now, eventually I
may actually start using HSA money for, you know, health care expenses or something.

Both companies offer debit cards. They both have useful websites. They both allow you to upload and store receipts from health care purchases. Fidelity offers online bill pay (Lively doesn’t). Fidelity offers checkwriting (Lively doesn’t.) Fidelity has an app (Lively doesn’t.) Fidelity gets rated higher by HSA experts. Lively gets rated higher by actual HSA users.

However, at Fidelity, you can tell that HSAs are just one thing they do. It feels like a brokerage or a mutual fund company. At Lively, it’s all HSA all the time. The company is clearly built from the ground up to do one thing and one thing only—HSAs. And it does a darn good job of it.

The edge here goes to Lively, although if you really want checkwriting or online bill pay capability, that might be enough to sway you to Fidelity.

**Which is the Best HSA?**

Overall, the differences between these two HSA juggernauts are slight. They are both head and shoulders over all of the other HSAs currently being offered. I don’t think you can really go wrong with either one of them. If you do decide to open an HSA
at Lively, I appreciate you going through the links on this page to help support this website.

Open a Lively HSA Today!

What do you think of my review? Which HSA provider do you use and why? Which one do you think is best? What do you like and dislike about the Fidelity and Lively HSAs? Comment below!