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Discovery Invest launches unique retirement solution for increased longevity

Johannesburg, 25 August 2025 – People are living longer than ever thanks to advances in healthcare technology, better disease prevention and generally healthier lifestyles. Research by the [World Economic Forum](#) shows that on average, retirees outlive their savings by over 10 years and for women, this gap stretches to 13 years.

Despite this, most retirement strategies are still based on traditional assumptions from when life expectancy – a prediction of the average number of years a person is expected to live – was far shorter and less variable. According to Discovery data, more than 60% of retirees are expected to live past their life expectancy.

In addition, while life expectancy continues to rise, healthspan – the years lived in good health – often lags behind, leaving many people living longer but spending their final decade or more in poor health.

To help meet this challenge, Discovery Invest has developed the Lifespan Linked Income Plan, a market-first solution in South Africa that gives retirees income flexibility, long-term investment growth, cost-effective longevity protection and health incentives in one plan.

The longevity problem

The idea of living to 100 years is inspiring, but the consequences of increased longevity are significant, says Discovery Invest CEO Kenny Rabson.

- Living longer costs more. According to an analysis by Discovery

Invest, planning for retirement to last to age 80 but living to 90 would require a 47% cut in annual retirement income.

- According to Discovery data, the average person spends over 10 years in poor health, paying up to three times more in out-of-pocket medical costs as they age.
- Around 70% of people aged 65 and over will eventually [need long-term care](#), with [costs ranging from](#) R8,000 to R25,000 per month for home nursing and up to R75,000 per month for dementia care.

“The combination of longer lives and rising healthcare costs means retirees face a double risk – outliving their savings and carrying a heavier medical burden in later years. Unfortunately, retirement planning hasn’t kept pace with the new challenges that retirees will face,” explains Rabson.

Traditionally, retirees have had a choice between two annuity types:

- **Living annuities** provide flexibility and market exposure but carry the risk of outliving one’s savings if withdrawals are too high or investment returns are too low.
- **Fixed annuities** guarantee income for life, but lock retirees into rigid income structures, sacrificing flexibility when needed. In addition, capital is sacrificed on death, often leaving no legacy plan for beneficiaries.

There is a growing market of hybrid annuities that combine living and fixed annuities, but these structures are often actuarially inefficient. They commit a significant portion of the retirement fund to fixed annuities early from the retirement date, when longevity protection is not yet needed. Ultimately, this reduces the capital available for growth and leads to early capital depletion, limits income flexibility and locks in a client’s many years of saving at interest rates on a single date. The cost efficiency of over 90% is attained by deferring the longevity protection to later years.

To truly meet the challenges of longevity, retirement planning needs to evolve beyond outdated trade-offs between security and flexibility. Retirees need income solutions that adapt to longer lives, rising healthcare costs, and their changing needs across the different stages of retirement, without locking away capital or exposing them to the risk of running out of money.

“The Lifespan Linked Income Plan is not a hybrid,” explains Rabson. “Hybrid products typically split capital between living and fixed annuities from the start, inheriting the drawbacks of both. This product works differently – it keeps full flexibility and growth potential early in retirement while using a cost-efficient, deferred guarantee that only activates from age 80. This means retirees keep control of their money, benefit from market growth, and have the certainty of guaranteed income later in life, without sacrificing capital or flexibility.”

How the Lifespan Linked Income Plan works

The Discovery Invest Lifespan Linked Income Plan combines four key features into a single, efficient structure:

- **Income flexibility:** Retirees can adjust withdrawals as their needs change across all phases of retirement, from the active to the sedentary phase and later supported phase when healthcare costs rise.
- **Market exposure:** Savings remain invested for growth throughout retirement, helping to preserve wealth and reduce the risk of outliving capital. An extensive range of investment options is offered to cater for all client needs.
- **Longevity protection:** From age 80, a cost-efficient, deferred guarantee activates to provide income for life at up to 90% lower cost than traditional fixed annuities.
- **Wealth transfer:** Any remaining capital can be transferred to beneficiaries, ensuring they receive a legacy rather than losing funds on early death.

Incentivising better behaviour

The Discovery Invest Lifespan Linked Income Plan also leverages Discovery’s proven shared-value model, rewarding healthy living and responsible withdrawal behaviour with income boosts of up to 50%. Since the launch of its shared-value framework, Discovery Invest has seen an 11% reduction in withdrawal rates, improving long-term retirement outcomes as clients preserve capital for longer.

Healthy retirees with boosts have already experienced retirement income enhancements of 17% to 46%, with projections showing that continued

reductions in withdrawal rates could leave retirement funds 30% higher than they would otherwise have been.

“Longer lives demand smarter financial solutions,” Rabson concludes. “Our goal is to help South Africans retire with confidence – not fear – in a world where retirement could last 30 years or more. The Lifespan Linked Income Plan gives retirees the flexibility they want early in retirement, the security they need later in life and rewards them for healthy living along the way.”

Link to white paper:

<https://www.discovery.co.za/assets/discoverycoza/investments/longevity-research-paper.pdf>

Link to recording: <https://w->

[si.link/rzruBFXKCXdMwUi0z/a2FyaXNobWFqMkBaXNjb3ZlcnkuY28uemE](https://w-si.link/rzruBFXKCXdMwUi0z/a2FyaXNobWFqMkBaXNjb3ZlcnkuY28uemE)

Discovery information

About Discovery

Discovery Limited is a South African-founded financial services organisation that operates in the healthcare, life assurance, short-term insurance, banking, savings and investment and wellness markets. Since inception in 1992, Discovery has been guided by a clear core purpose – to make people healthier and to enhance and protect their lives. This has manifested in its globally recognised Vitality Shared-Value insurance model, active in over 40 markets with over 40 million members. The model is exported and scaled through the Global Vitality Network, an alliance of some of the largest insurers across key markets including AIA (Asia), Ping An (China), Generali (Europe), Sumitomo (Japan), John Hancock (US), Manulife (Canada) and Vitality Life & Health (UK, wholly owned). Discovery trades on the Johannesburg Securities Exchange as DSJ.

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