

In the Press

Webb Financial Group, LLC

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Q & A: How big does that retirement next egg need to be?

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Steve Dinnen

“Retirees want to maintain their quality of life,
not decrease it.”

- Michael Bischoff

Q: The retirement salary recommended by most experts is 70 to 80 percent of pretax income earned while working. I find that figure nearly impossible to attain for a working stiff. As your salary goes up, you have to save that much more every year and still maintain some standard of living. I suppose the only answer is to live like a pauper and save up the nest egg for old age. If I pay off all my debt, would 50 percent be a more reasonable figure?

C.M., VIA E-MAIL

A: You can pick whatever percentage you want, but **certified financial planner Michael Bischoff of Bloomington, Minn.**, thinks you’ll be surprised when you tally up what you truly need.

Mr. Bischoff cites a 2004 survey by the American Savings Council, in which 39 percent of retirees said they were spending as much as they did before they left the workforce. Another 13 percent said their income needs were higher.

Paying debts down, or off, is a great way to trim expenses. But even with credit-card and mortgage bills out of the way, Bischoff thinks getting by on 50 percent of pretirement income is difficult.

“In my experience, most people could not cut their expenses in half or live that type of lifestyle when they retire,” he says. “Retirees want to maintain their quality of life, not decrease it.”