



**Gary Webb**  
RFC® & CEO

# In the Press:



## **Experts Wonder if Boomers are Prepared for Retirement**

Michael Werner & Katie Campbell December 8, 2006

So, you imagine spending your retirement lolling about the pearl-white sands of some palm-laden, tropical island? If you haven't considered how to pay for it, and you're a baby boomer with age 60 zooming toward you faster than a Caribbean hurricane, you better move quickly.

Trite as it sounds, it's never too late to begin planning for your dream retirement, say most financial planners. Gary Webb, CEO of Bloomington-based Webb Financial Group, is no exception.

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"If you're 60 and you're trying to build a nest egg, I hate to tell you, but there isn't good news," Webb said. "It's not too late, but it's difficult."

**Webb's advice: Retire -- then get a job.**

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**you like your career, then call your employer back after you leave and see if they will hire you back on a contract basis. They get the benefit of your experience and knowledge, and you get flexible hours and the ability to do something you love."**

The main reason to work, Webb said, is to keep the income coming in.

**"You don't have a portfolio to produce income so you have to work to subsidize your retirement," he said.**

Once a retiree has a job, Webb recommended they build a diverse portfolio that emphasizes growth. For those retirees who want to earn some income from their portfolio, Webb recommends bonds or real estate.

**"Personally, I like to use real estate for my clients," Webb said. "It's a hedge against the market because it has nothing to do with the market. And the nice thing is that you can go commercial or residential. If commercial is getting slammed and residential**

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**is doing well, then you just switch your allocation."**

Certified financial analyst Daniel Amerman, who wrote the book *The Great Retirement Experiment*,

agreed.

"It's not a bad idea to buy a duplex, instead of investing in stocks," he said.

With so many boomers set to retire, Amerman worries

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there will be a stock sell-off and subsequent devaluation of stocks. "An alternative is to buy things like bonds, which are secure, or real estate," Amerman said.

What concerns economist Paul Anton, however, is whether boomers have saved enough for retirement. The situation is especially worrisome among boomers who have opted to save through 401(k) plans where there seems to be a large gap between what people have saved and what they will need.

"There's the suspicion that people who are in 401(k)s rather than pensions haven't saved nearly enough for how long people live," said Anton of St. Paul-based Wilder Research.

On average, people now live 17 to 20 years after they retire; however, the average person may not be taking that into consideration when planning for the future. The danger comes when people think they have prepared for retirement, but they haven't looked closely enough at the numbers, Webb said.

**"People usually have a number [in mind] and the number is usually either a dollar sign or an age when they want to retire," Webb said. "But they don't have a plan."**

They need to sit down and balance what they need to live on in retirement with what they've actually saved to see if the numbers match. If not, then they need to do some adjusting. And the sooner, the better.

Everyone has their own number when it comes to saving, but, at minimum, 10 percent of current income should go toward retirement, Webb said. And the percentage should probably be higher, closer to 15 or 20 percent.

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Financial planners have traditionally gone with the 10 percent figure. As life expectancies rise, however, the expenses a person can expect in retirement are rising as well, the biggest of those being health care, assisted living, emergency medical expenses and taxes.

"The big reason 10 percent is still a magical number is that people are not taking these things into account; but they should be," Webb said.

This is underscored by the fact that today's average 65-year-old can expect to live another 20 years.

**"Everyone looks to the past at the age when their mother died or**

**their father died for a guide to life expectancy. But that's not the case anymore," Webb said. "When I sit down these days with a married couple that is 65, I know that one of them is going to live to be 90.**

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**in trouble, but they're in for an awakening," Webb said. "In retirement, they're going to be spending money faster than before. They're going to travel more. They're going to see the grandkids more. They're going to have health issues they never prepared for. In fact, most boomers don't have an estate plan."**

Larry Hause, an attorney who specializes in estate planning for Minneapolis-based firm Fredrikson & Byron, explained why. "Too many people think that estate planning is just planning for if you die."

But the most important aspect of estate planning is planning for life, Hause said. It means designating a power of attorney, who will make decisions should the person become incapacitated or incompetent, and writing a living will to determine what kind of medical care he or she will receive and who will decide.

"It's never too late to do these things," Hause said, "In fact, it becomes more important the older you get."