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NEWS

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Peter Alepra, AWM

Six Tips for Transitioning Financially and Emotionally into Retirement

Cedar Rapids Financial Advisor Peter Alepra Focuses on Creating Purpose-Driven Wealth Management / Life Plans

CEDAR RAPIDS, IA (October 5, 2011) – According to a poll by National Public Radio, the Robert Wood Johnson Foundation and the Harvard School of Public Health released September 27, 2011, roughly 25% of retirees think life in retirement is worse than it was before they retired. The poll outlines the stark dichotomy between what pre-retirees think retirement will be like, and what retirees say is actually the case when they get there.

Conducted by researchers at the Harvard School of Public Health, the poll focuses on views and experiences related to retirement among people over age 50, including not only people who have retired, but also people who plan to retire and those who do not plan to do so.

“The poll shows that a significant number of people who are near retirement may be underestimating the challenges of retirement,” said Robert Blendon, professor of Health Policy and Political Analysis at the Harvard School of Public Health. “When you compare what people think retirement will be like with what retirees say it actually is like, there are big differences. Pre-retirees may underestimate the degree to which their health and finances may be worse in retirement.”

PRE-RETIREMENT TIPS

Peter Alepra, AWM, a financial advisor with RBC Wealth Management in Cedar Rapids, Iowa has long helped his clients prepare financially and emotionally for retirement by outlining the critical steps needed before retiring. While most financial advisors focus

solely on preparing clients financially for retirement, Alepra says the emotional aspects of retirement should not be overlooked.

“The average person spends over 90,000 hours working in their lifetime,” Alepra explains. “and while working does provide money, work doesn’t simply satisfy financial responsibilities – it also creates structure, a routine schedule, a sense of purpose and camaraderie.”

Alepra is on a mission to help the general public understand the various dynamics of retiring and living a life well lived. He offers the following tips for happy, golden years.

Tip #1: Create a Wealth Management Plan

Alepra suggests that his clients start with a well thought out, realistic wealth management plan and professional risk/return profile. “Doing the numbers part of things – cash flow projections, a spending plan and a conservative investment draw-down plan – will give them the peace of mind they need to enjoy their passions and interests in retirement,” Alepra says. “The goal is to alleviate the emotional hurdle of going from W-2 income (regular paycheck) to 1099 income (investments/pensions). The wealth management planning process can help clients reduce their worries so they can focus on the important things in their lives – family, friends, hobbies, traveling, volunteering, in addition to “Life’s-To-Do-List”. Ideally, a wealth management plan is created prior to retirement.

Tip #2: Create a Purpose-Driven Plan

While the movies may paint the picture of retirement as daily golf and luxury vacations, this may or may not be the reality of many depending on financial resources. Therefore, it is important to create a practical vision of retirement by involving oneself in an area of interest and passion that allows fulfillment in life.

“More and more retirees are seeking part-time employment in areas of interest to maintain a small amount of income as well as to continue a sense of purpose and social outreach in their lives” says Alepra. “Most employers are excited at the prospect of hiring experienced, responsible people. If continued income isn’t of importance, you may want to consider volunteering your time to the community,” Alepra concludes. Before retirement, Alepra suggests that clients contact local groups and volunteer organizations to find something that suits their interests and personality.

Others find retirement as an opportunity to pursue their hobbies. Hobbies that involve people who share similar interests will provide opportunities to interact with others. If clients haven’t had a chance in the past to cultivate a hobby, Alepra suggests contacting local colleges as they often offer courses for a reduced fee or even free for people over 65. “Learning something new is a great way to keep the brain active and interact with new and interesting people with similar interests,” Alepra says.

Tip #3: Create a Daily Schedule

“Freedom from the daily structure of work may initially sound appealing to many people, but the problem is that most people have come to rely on routine in life. Society sets routine in our lives from the time we are children, creating structure and comfort throughout the day – people miss that structure,” says Alepra.

While it’s not necessary to follow the same sequence hour-by-hour everyday, it is important to schedule time to eat, exercise, socialize and sleep so that you have a general idea of how you’re going to spend your time. “There is only so much television that one person can enjoy before becoming restless”, he says.

Tip #4: Consider Friends and Family

One aspect of retirement that many retirees enjoy is the ability and time to focus on extended family, especially on grandchildren and great grandchildren. In fact, it is common for retirees to have weekly schedules that include spending time with friends and extended family members while engaging in various activities.

“Grandparents usually have the benefit of interacting on a level that is “once removed” from the day-to-day responsibilities of parents, making it easier to develop a close bond with grandchildren,” Alepra says. “Grandparents are often the family historians, and can add a rich sense of family tradition and values to a child's life.”

“Having friends helps us to keep mentally fit and even, to a certain extent, physically fit in that we are likely to do various activities if we have someone to do them with,” says Alepra. “It also gives us an outward, rather than an inward, view of the world, thereby helping us to take an active interest in things, from politics and religion to the state of our local schools and real estate.”

Tip #5: Establish Your “Life’s-To-Do-List”

Thanks to the popular movie with James Garner and Morgan Freeman, some people refer to “Life’s To-Do List” as their “Bucket List.” But while it’s an important part of retirement, many people are hesitant to pursue these outside-the-box interests. “Some may not have the financial means,” Alepra says, “but more often than not, people feel guilty spending money on themselves beyond life’s necessities. I ask my clients ‘what have you always wanted to do or where would you like to travel, but have not done so because on the surface it appears impractical?’ It is always good to have something to look forward to and constructing this type of to-do list allows us to do so.”

Tip #6: Consider the Bottom Line

“The more purpose and meaning people have in their lives, the easier they find retirement. Unless you put some purpose into daily activities, you may end up constantly questioning the meaning of life and forgo the many fulfilling opportunities retirement has to offer,” Alepra says. “It always makes my day when I hear a client say they are busier

and happier now in retirement than while they were working. While people may be approaching retirement with mixed feelings of excitement and trepidation, it's helpful to remember the next chapter is a time to embrace our passions. During a well-planned retirement, we have the freedom to work and play without the demands of a full-time or stressful job. Creating a life plan that encompasses financial needs, along with goals and interests in life, provides the opportunity to clear the emotional hurdles of retirement," Alepra concludes.

About Peter Alepra, AWM

Peter Alepra, AWM is a financial advisor, senior vice president and director of business development for RBC Wealth Management's Cedar Rapids, Iowa complex. Mr. Alepra specializes in offering comprehensive wealth management solutions to people at and near retirement. To learn more about Peter visit www.alepra.com or email him @ peter.alepra@rbc.com

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