

LEARNING FROM A LONG LIFE

Milo Tedstrom, a pioneering physician, lived to age 104. His final years enriched his family—and offer essential lessons about aging in America

By KELLY GREENE

MILO TEDSTROM arrived in California in 1928 with his wife, a doctor's bag and all their possessions in a Ford Model A, which he had steered across wood-plank roads through the desert.

The first certified cardiologist in Orange County, Dr. Tedstrom, an Arkansas native, would spend the next 50 years studying and introducing in California hospitals and clinics—some of the biggest advances in 20th-century medicine, including electrocardiogram machines, intensive-care units and pacemakers.

Dr. Tedstrom retired in 1977, at age 76. What he and his family couldn't know at the time was that Dr. Tedstrom would end up a pioneer of a different sort: one of 61,000 centenarians in the U.S. He died last July at age 104—after almost three decades in retirement.

Those three decades are a story in themselves, and they speak volumes about the considerable rewards and challenges of aging in America. While much has been written about extended

life spans and the need to prepare for longer-than-expected retirements, many families remain unprepared when savings accounts, insurance policies and personal ties are stretched to the breaking point.

The Tedstroms were among the more fortunate; family members found themselves drawing closer as their father and grandfather aged. But even they grew alarmed as a nest egg that once totaled \$3 million approached its end.

Dr. Tedstrom's long twilight offers a number of valuable lessons about the myriad concerns of later life, including money, inheritance, health care, living arrangements—and working through differences of opinion to stick together as a family.

Avoiding a Financial Debacle

Dr. Tedstrom, who first practiced medicine in Corinth, Miss., made the cross-country journey to Anaheim, Ca-

lif., to join

a large clinic and, ideally,

see more complicated problems than he

as a country doctor in the

South in 1933, amid the Depression, he

opened his own practice in nearby Santa

Ana, sometimes taking payment in oranges or lima beans, and often making

house calls on nights and weekends.

His hard work and investments paid off: By the time he retired four decades

later, he owned his medical office building, a commercial building that housed

a men's store that later sold for about

\$1 million, and a three-bedroom house

paid for in cash.

The rest of his money was tied up in

stocks, which he traded at a quick

pace. But his grandson Peter Ted-

strom, a 46-year-old certified financial

planner in Denver, finally convinced

him that frequent trading of individual

stocks with the goal of beating the mar-

ket is a risky investment strategy.

Dr. Tedstrom had been holding

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Lessons From a Long Life

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shares in 20 to 30 companies, and would jot down their movement each day: up an eighth, down a half, and so forth, says his grandson. When a stock fell, he would buy more; when it rose, he would sell.

"My grandfather was telling me about Amgen, a biotech stock he was playing," Peter Tedstrom recalls. "As amusing as that sounds, it was far from a strategy we would ever recommend to any of our clients." Mr. Tedstrom, who mainly counsels retirees, favors long-term investments in diversified assets and prefers mutual funds over individual stocks.

The commissions on all that trading added up to a hefty \$2,000 to \$3,000 a month, says the doctor's son, Milo Tedstrom Jr., age 71, a retired chemical and plastics executive. "In retrospect, his broker wasn't doing much to help," he says. "My father finally made a fairly big mistake on Amgen, and that scared him."

At that point, in 1989, the doctor asked his son to help him assess his portfolio. Mr. Tedstrom, who was still working full time, roped in his oldest son, Peter, to help. New research shows good reason for the doctor's move: Two University of Notre Dame finance professors, analyzing more than 75,000 accounts with a discount brokerage firm, have found that older investors' skill deteriorates with age, earning them roughly 2% less than their younger counterparts each year—in spite of older investors' stock picks reflecting greater knowledge about investing.

The son's first recommendation: Stop trading so much. Mr. Tedstrom conferred with Dr. Tedstrom's broker, then wrote his father a letter in 1989 recommending that he limit his trading to \$100,000 of his \$750,000 in stock, and set the rest aside. Son and grandson eventually persuaded him to switch his account to Charles Schwab Corp., so he could make \$15 trades.

In the early 1990s, Dr. Tedstrom's trading tapered off, allowing his son and grandson to help him diversify into mutual funds and bonds. By 1996, his portfolio was 45% U.S. stocks, 18% real estate, 16% bonds, 14% international stock and 7% cash.

"The more [assets] you have, the more risk you don't need to take," Peter Tedstrom says. "With my grandfather, we felt like we needed to pare the risk back."

If Dr. Tedstrom still had owned nothing but stocks when the tech bubble burst

in 2000, "it would have been much more challenging for us emotionally and financially to help him" as his health faltered, says Peter Tedstrom. "Because we had bonds in the portfolio, we had another place to draw his support from. We didn't have to touch his equity position. We could allow it to move through the cycle of decline and recovery."

The experience of working with his grandfather's investments helped shape the retirement-planning philosophy of

For the same reason, the pair also discourage their clients from counting on spending their principal. Explains Mr. Brown: "I have this talk all the time with 50-year-olds who say, 'I don't care if I spend my principal down to zero. I'm not worried about having a big estate when I die.' I say, 'Well, I have the benefit of working with people in their 80s. If you're 80 and you're spending your principal, you aren't a happy person. It's a very fragile feeling. Every



STAYING CONNECTED *Dr. Tedstrom had a knack for enjoying other people*

the younger Mr. Tedstrom and his partner, Mark Brown, who hung out their own shingle shortly before Mr. Tedstrom started working with his grandfather. Mr. Brown says they like to build "shock absorbers" into their clients' retirement savings; ideally, a nest egg will be 20% larger than is needed to meet projected expenses before the client starts to tap his or her savings. In this way, in a portfolio that's half stock and half bonds, "the equity side can go down by 40% and still not violate the minimum amount you'll need to live on," Mr. Brown says. "It protects people who live 'tunn long'."

tick of the stock market has you fearful, and you don't know how long you're going to live.' We'd rather counsel you to have a portfolio that does not amortize down to zero."

G-VI-D'g It Away

A few years before Dr. Tedstrom's wife died in 1989, their daughter, Jeanne Dennis—in the midst of her own estate planning with her husband—suggested that her then 87-year-old father might want to revise his will. At the time, an

estate of more than \$600,000 was taxable. (The federal estate-tax exclusion this year is \$2 million.)

So, Dr. Tedstrom started making gifts to his children—and set up a "charitable remainder trust," an irrevocable (meaning permanent) investment vehicle. Through the trust, he *would* be able to sell highly appreciated stock without paying capital-gains tax, diversify into more conservative stocks and bonds, take a lifetime income stream (8% of the trust's earnings) and leave the balance to the charities of his choice when he died.

"He would tell me sometimes that the only reason he wished he had made more money was so he could give more away," says Mrs. Dennis, 76, who still lives in Orange County.

With help from his son and grandson, Dr. Tedstrom funded the trust in 1992 with \$210,000 in stock, mainly biotech companies. The proceeds were directed to St. Joseph Hospital of Orange County, where he admitted the first patient in 1929, and Washington University in St. Louis, his alma mater. Other beneficiaries included his church, another local hospital, his local Kiwanis club and a local college where he had helped create a scholarship.

As it turns out, Dr. Tedstrom might have been too generous.

Knowing what the family knows today, "we wouldn't have done it," says Peter Tedstrom, referring to the trust. After Dr. Tedstrom passed the century mark, the cost of caring for him amounted to thousands of dollars each month—despite the fact that his only infirmities were weakness, low blood pressure and diabetes (which he controlled through his diet).

Though Dr. Tedstrom never ran out of money to pay for his care, he eventually could have, his grandson says. "Grandy [the family's nickname for Dr. Tedstrom] was so darn resilient. He'd get pneumonia [and be hospitalized], then he'd bounce back and be off playing bridge. He could have lived for years and years."

Mr. Tedstrom concluded that "as much as you think you have, it may not be enough. I'm recommending leaving more flexibility in the planning now, and I'm more conservative about charitable trusts."

In fact, only about 1% of all estates are subject to estate tax, according to the Internal Revenue Service, down from 2% before the federal government started raising the amount excluded from estate taxes in 2002. (Of course, all that could change again if Congress does not renew those revisions to the estate-tax rules, which are set to expire in 2011.)

Losing the Car Keys

When Dr. Tedstrom turned 97, his son decided it was time to persuade his father, who didn't hear well or move as quickly as he once had, to quit driving—one of the most awkward subjects an adult child can broach with a parent. Mrs. Dennis, his sister, initially balked. Her brother "was living in Colorado, so that was fine for him. But I was the one half an hour away," she recalls, laughing. "But Daddy was 97, so I decided I was OK with it."

Mr. Tedstrom says he had figured out an effective giving-up-the-car-keys argument years earlier "when I talked my wife's father *but* of driving." His father-in-law, a retired lawyer, had a stroke at age 80 and didn't have full use of one side of his body, but still thought he was fine behind the wheel. Mr. Tedstrom decided to appeal to his professional side. "I said, 'You know that if you get into an automobile accident you'll get sued, and they'll take you for everything you've got.' He said, 'You're right. Here are the keys.'"

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With his own father, Mr. Tedstrom used much the same argument, and "I don't recall that it was particularly hard," he says. Dr. Tedstrom's housekeeper drove him on errands, a 90-year-old friend took him to Kiwanis meetings, and other neighbors in his large retirement community, Laguna Woods' Leisure World, gave him rides to bridge games. The widow in a couple who had dined regularly with the Tedstroms often dropped off a gin-and-tonic, Dr. Tedstrom's favored drink before dinner, and a homemade bowl of soup.

"He had a *lot* of things a lot of people don't have as they get older," Mrs. Dennis says.

Moving Out of the House

Whether an older adult should continue living at home—or move to a site offering long-term care—is a wrenching decision for many families. When Dr. Tedstrom turned 102, his son persuaded him to move to Villa Valencia, a facility run by Sunrise Senior Living Inc., based in McLean, Va. The campus sits across the street from the doctor's neighborhood of 25 years and offers three levels of care services.

In 2002, when Dr. Tedstrom moved, he was still relatively healthy and independent. He had been living alone in the three-bedroom house to which he and his wife, Mildred, had retired. And he continued to wear a yellow rosebud on his clothing every day in honor of her native Texas.

But his son figured "he couldn't stay healthy forever," and his father already had told his children he was too independent to live with them.

In retrospect, Dr. Tedstrom's children say, it also made sense for their father to become acclimated to Villa Valencia while he was still healthy. "After he moved in, he said he would have been better off getting to know all those people sooner," his daughter says.

Dr. Tedstrom wound up using every level of care that the facility offered. For the first three months, he lived in a two-room, "independent-living" apartment, sharing dinner with other residents in the development's dining room. Six months later, after a tough bout of pneu-

mania, he moved to Valencia's "assisted-living" section. And in July 2003, the family got help from the facility in hiring three private aides who worked 12-hour shifts.

All that care came at a steep cost: The two-room assisted-living apartment cost \$4,500 a month, and the aides cost an additional \$96,000 a year, the Tedstroms say. Dr. Tedstrom downsized to a studio in July 2004, saving \$600 a month in rent. When he died, the family was contemplating ways to scale back the around-the-clock care, relying on less-costly assisted-living services instead, to stretch Dr. Tedstrom's nest egg.

There were times when he missed his family, despite his daughter's nearly daily visits, and frequent trips by his grandchildren and great-grandchildren from Denver. Mrs. Dennis saw him at least four or five days a week, she says. If she was going to miss a few days to go visit her grandchildren, "his lip *would* quiver, but he'd say, 'Of course you should go do that. I wish I could go hug all those little children.'"

Still, Mr. Tedstrom thinks it made sense to use Dr. Tedstrom's savings for such care. "I think it really benefited my father to be in a facility rather than at home. He was very social and made friends there," the son says. "There was also the ease of having it all there in one place."

In the end, Dr. Tedstrom's body gave out before his assets did. Dr. Tedstrom was hospitalized on *July 24* because his heart was weakening. Twelve hours later, he died of congestive heart failure—a condition that the longtime cardiologist diagnosed himself before the medical staff told the family, his daughter says.

Financial Bottom Line

Dr. Tedstrom's family anxiously burned through \$12,000 of his savings every month to pay for his care, never knowing how long the nest egg would need to last.

"At that rate, there was a concern that he might ultimately run out of money if he might live too long," says Peter Tedstrom. "That's sort of an awkward statement to make. It brought into question, what would we do next if he does run out of money?"

But the family did have one backup: long-term care insurance. Peter Tedstrom had persuaded his grandfather to buy a policy at age 92. The premiums cost \$7,000 a year and provided a benefit of \$100 a day for two years.

"Six or seven years into it, we really thought about canceling," the younger Mr. Tedstrom says. "But already a \$40,000 investment had been made. Then we talked about it again when Grandy turned 100," and again decided to keep the policy.

At age 102, Dr. Tedstrom started tapping his long-term care benefits, and used them up at age 104. In the end, the cost of the premiums and the benefits paid out—each about \$70,000—was basically a wash. But the policy had an intangible value that Peter Tedstrom hadn't expected, he says: "My grandfather really anticipated that check every month. Every month when it was expected, he *would* say to me or my dad, 'I haven't received my check yet.' It was an interesting emotional benefit to have that check waiting for him each month."

After seeing how long his father was living, Milo Tedstrom Jr. and his wife purchased long-term care insurance in the late 1990s. Peter Tedstrom plans to start shopping for a policy in several years, around age 50. (Jeanne Dennis already has it.)

Now, when Peter Tedstrom sees the averages for long-term care costs—\$203 a day for private nursing-home care and \$2,905 a month for an assisted-living apartment, according to MetLife Inc.'s 2005 survey—"I don't know what that number includes, but it doesn't include everything my grandfather was having to pay for," he says. "Even for my wealthiest of clients, I'm having more serious conversations

Drawing the Family Together

The twilight of Dr. Tedstrom's long life brought his family much closer together than they were in his middle age. Mrs. Dennis is six years older than her brother, meaning she had gone off to college while he was still in junior high school. Milo Tedstrom Jr.'s career ended up taking him far from Santa Ana: After graduating from the University of Colorado in Boulder, where he met his wife, they lived in Chicago, suburban New Jersey, Australia, Brazil and Atlanta. Eight years ago, the couple settled in Denver to be near their three sons and their families. Now retired, Milo and his wife, Susan, live in a high-rise, downtown condo with a bird's-eye view of the Rockies.

Mrs. Dennis left Orange County only briefly, to attend Duke and Stanford universities, and she and her husband raised their two children there—though they wound up in Colorado, too. Her son and daughter got to know Dr. Tedstrom well while they were growing up, since they lived so close. But they didn't get to spend much time with their cousins.

That started to change as Dr. Tedstrom set new family longevity records. The patriarch, his children and their spouses grew closer on a series of exotic adventures starting in the late 1980s. "Most of my friends' parents had died a long time ago, and we were traveling around the world," Mrs. Dennis says. At 92, Dr. Tedstrom donned tennis shoes for the first time so he could wade from a boat to shore during a trip to the Galapagos Islands.

"He caused us to find reasons to be together," says Peter Tedstrom. For Dr. Tedstrom's 100th birthday, all his children and grandchildren took him on a five-day cruise from Los Angeles to Ensenada, Mexico. One grandson made badges reading "Grandy's Group." Peter Tedstrom and his grandfather gambled together in the casino.

And when the younger Mr. Tedstrom and his wife had a baby boy seven years ago, they started making visits to Laguna Woods each year between Thanksgiving and Christmas. It was a time of simple pleasures: playing gin rummy, talking or running day-to-day errands.

"I started asking my grandfather things like, 'What was it like to practice medicine back then?'" Mr. Tedstrom says. "One of the last times I went out with him, when he was 102, we went to the local pharmacy near his home, and literally every person stopped to say hello because they either knew him, or they'd say, 'Howald is he?'"

"I got a lot closer to my aunt, too," Peter Tedstrom says. "I didn't know her that well until we started making those trips."

Shortly after Dr. Tedstrom's funeral this summer, the family-determined not to drift apart again—started making plans for another reunion. Next June, they are gathering at Lake Powell in Utah on a 59-foot houseboat that sleeps 12. "The rest will sleep on the deck," says the elder Mr. Tedstrom. And his children and grandchildren recently surprised Mrs. Tedstrom with a ride on a Harley-Davidson motorcycle for her 70th birthday.

Dr. Tedstrom also helped his children and grandchildren start a dialogue about money. "Because my grandfather started opening up about his finances to my father and me, my father started opening up, too," Peter Tedstrom says. "It's allowed me to appreciate what my father and grandfather accumulated in their lifetimes more than perhaps I would have, and allowed me to become emotionally tied to some of their concerns."

In fact, the Tedstroms have put together an investment partnership including the father, son, another brother and cousin, where "we do things we would never do with our own portfolios," says the younger Mr. Tedstrom, like real-estate deals with high minimum investments. The joint effort has started bringing them together routinely, too.

Keys to a Long Life

Just what was Dr. Tedstrom's secret to such a long life? As with many centenarians, he started with good genes. (His father had lived to age 88, his mother to 92.) Upon his retirement, he walked an hour a day until he turned 98 (in dress shoes, not sneakers), because he had noticed that some of his healthiest older patients had walked to work. And, until the last few months of his life, the only medications he took were an aspirin and thyroid pill each day.

But he was no athlete, and his diet was nothing spectacular. He had hamburgers for lunch and steak for dinner, and was a renowned chocoholic. When he died, he was slightly overweight (165 pounds on a 5-foot-7-inch frame). He developed diabetes in the last few years of his life, but the medication made his blood pressure drop, so he regulated the condition largely through diet, switching, for example, to sugar-free chocolate ice cream.

Still, these are health concerns more *in line with* those of people 30 years younger. Dr. Tedstrom COULdn't hear well, but he *could* see well, and he didn't suffer from *Alzheimer's* disease, cancer or other chronic *conditions* that often *strike* with age. Says Mrs. Dennis, "I take more medicine at *this* point than Daddy ever took."

His real knack, his children and grandchildren agree, was for maintaining the *social* connections that can fray *in retirement-particularly* for widowed men. He regularly connected *with* family and *fellow* Kiwanis members, played *bridge* for the last *time* three weeks before he died-and attended *his* Presbyterian church the last two Sundays he was alive. But *his* real gift was the way *in* which he enjoyed other people, *his* daughter says. "He never told you about *himself*. He always wanted to learn about the person he was talking to. He was *genuinely* interested."

"Of the 200 people at *his* funeral, none of us were his age. The oldest were 20 years younger," says Peter Tedstrom, who acknowledges that he's spent a lot of *time* thinking about *living* to 100 *himself*. And he now assumes *in his* clients' *financial* plans that they will *live* to be 100- "unless they object."

The idea of *living* that long "doesn't freak me out, because I've seen my grandfather do *it*. My greater concern *is* to help my dad, because he's 70 and could live another 40 years," Peter Tedstrom says. "It *tells* me that every day I make some money, I have to put some money away for the future. My wife would rather go spending *it*, but I *tell* her she might have to live *with* a really old guy." ■■■■