

# www.PlaneSafe.org

*October 2002*

## ***NATIONAL AIR DISASTER ALLIANCE / FOUNDATION***

**2020 Pennsylvania Ave., NW \* # 315 \* Washington DC 20006-1846**

**(888) 444-6232-phone \* (215) 540-0623-fax**

Dear Member,

Special thanks to all who attended the Annual Meeting, our Sponsors, and our Special Guests. We learned more from terrific people in government, the media, and the private sector, who are working with us for aviation safety, security, and support for victims' families.

We learned more about the economics of air safety, how to cope with the personal toll a disaster takes on us all, disaster response, and more. The meeting was also personally supportive as we shared more with each other. Peer support among our members is one of our greatest achievements..

Mark your calendar for the **9<sup>th</sup> Annual Meeting, October 18-19, 2003** in the Washington DC area, and plan to join us. We will have more information about the recent 2002 Annual Meeting in our next Newsletter, but this issue focuses on some of the work that we are doing and work that needs to be done.

Continue to call and write to your Members of Congress, Senators, and the White House--tell them we must have a full and complete Independent Commission to investigate 9/11, and that they should not grant immunity to airport security companies! Turn the page for updates!

*NADA/F* is announcing our continued support for Upgraded Recorders on commercial aircraft. Data and Cockpit Voice Recorders provide the best tools for air crash investigations, and finding the cause(s) of a crash leads to prevention. There is also an update on *NADA/F's* participation in the FAA Rule-Making Working Group for Fuel Tank Inerting--another technology used by the military for over 30 years--and long overdue for passenger aircraft. Inerting is 100% effective in preventing center wing tank explosions, such as TWA800, one of 27 known fuel tank explosions! Special thanks to our volunteers who have worked on "fuel tank inerting" for over two years.

Please remember your 2003 membership dues of \$20 per person, or as much as you can afford, to the ***NATIONAL AIR DISASTER FOUNDATION***, a tax-deductible organization. Your donations help with our printing, postage, website, communication and operating expenses. Or consider a \$2,000 donation if you would like to sponsor a newsletter, or \$10,000 to be a Sponsor and endow *NADA/F's* work for the future.

Special thanks to Morgan Stanley, our Newsletter Sponsor. Take a look at the article on page 7 and see how a Charitable Remainder Trust may help you financially now, and endow *NADA/F's* work for the future.

*NADA/F* is often the only voice opposing unsafe practices, plus working for short-term and long-term aviation safety and security. We anticipate more challenges in 2003, and there is much work to do. Your donation will make a difference!

Yours truly,

*Gail A. Dunham, President*

## ***NADA/F Alerts U.S. Senators that they should NOT grant Immunity to Airport Security Company's responsible for airport security on September 11, 2001.***

The U.S. House of Representatives passed the Homeland Security Bill, HR 5005, on July 26, 2002, and a provision was slipped in during the last five minutes, under the guise of "sundry technical and clarifying provisions."

The language will provide immunity for the three foreign security corporations at key locations on 9/11: Argenbright Security (British), Globe Aviation Services (Sweden), and Huntleigh USA Corp. (Dutch company).

**Early September, the day that the Senators arrived back in session, each received a registered letter from NADA/F to alert them to this provision in the House Bill that would grant immunity to security companies, so that the Senators would NOT protect the actions and finances of foreign security companies who committed shocking security lapses which enabled the horrible attacks on 9/11.**

**As we go to press, the U.S. Senate has not passed a version of the Homeland Security bill, so we need your help. Please contact your U.S. Senators and tell them DO NOT grant immunity to security companies who were responsible for security on 9/11!**

The "immunity provision" in the House Bill has nothing to do with Homeland Security, and directly contradicts previous legislation. The Conference Report from the security bills passed Sept. 22<sup>nd</sup> and Nov. 19<sup>th</sup> specifically excluded security companies from immunity.

The information that we have since 9/11 shows that these security companies appear to have violated numerous regulations, hired people with criminal records, hired illegal aliens, failed to provide training and supervision, failed in their responsibility to the traveling public, and left the U.S. vulnerable to multiple criminal attacks. Yet, security was the reason they were paid to be at the airports.

Many Senators and House Members told family members that when they signed previous legislation they didn't know of certain provisions in the bills which harmed the families of dead Americans.

NADA/F has alerted all U.S. Senators in writing to NOT slip in more provisions that have nothing to do with security; however, telephone calls from YOU, their voters, would be most helpful.

**Senators need to know that we want a full and complete Independent Commission to Investigate 9/11, including the airport security companies.**

***Update on the Independent Commission to Investigate the Facts and Causes of September 11, 2001.***

It is inconceivable that the world's worst aviation disaster, and worst terrorist act in our nation's history may have no Independent Investigation or Inquiry.

The legislation for the Independent Commission passed 90-8 in the Senate, and the House passed a more limited version. The White House said they supported the commission. Family members and key leaders also agreed, and expressed their willingness to act. But recently politics have given the Commission a setback.

As reported in the "New York Times," on October 12<sup>th</sup>, by David Firestone:

*"Two prominent senators from opposite parties accused the White House today of deliberately sabotaging their efforts to create an independent investigation of the Sept. 11 attacks, suggesting that the administration was afraid a commission might turn up embarrassing government mistakes.*

*'Every bureaucracy in this town is scared to death of an investigation,' said Senator John McCain, Republican of Arizona. 'Remember, no one has really been held accountable. No one has lost their job, no one has been even reprimanded, nothing has happened as a result of Sept 11. Unless responsibility is assigned, then we can't cure the problem.'* ”

McCain (R-AZ) also stated that he and Lieberman (D-CT) would not agree to an investigation that's limited in scope.

Associated Press, Oct. 11, 2002, by Jesse J. Holland

*"While the White House publicly supports the commission's creation, 'they privately move to thwart it behind the scenes,' charged House Minority Whip, Nancy Pelosi (D-CA)*

*'The question we pose to the White House today is: 'Do you really want to allow this commission to be created? And if you don't, why not?'' a frustrated Sen. Joseph Lieberman added."*

*"Newsweek," October 21, 2002 Issue, by Michael Isikoff and Tamara Lipper*

*"Dick Cheney played a behind-the-scenes role last week in derailing an agreement to create an independent commission to investigate the 9/11 attacks. Last month, the White House endorsed the formation of the panel. But on Thursday, hours after congressional negotiators hailed a final deal over the scope and powers of a 9/11 panel, Cheney called House Intelligence Comm. Chair Rep. Porter Goss, sources told Newsweek.*

*"Later that day Goss told a closed-door conference committee he couldn't accept the deal, citing instructions from 'above my pay grade,' sources say."*

Family members have been put through so much, and now are subjected to more politics. Family members want the Independent Commission so that everyone knows that we are doing everything to ensure the security of our country. When asked what people can do to help, 9/11 family members have responded, ***"Help us pass this bill!"***

**Call (202) 224-3121 to be connected to your Senator or Congressman's office.  
Send faxes and letters to the White House to tell them that we must have an Independent Commission to investigate 9/11.  
The White House, 1600 Pennsylvania Ave.,  
Washington DC 20500  
(202) 456-1414 - telephone  
(202) 456-2461 – fax  
AND White House faxes to  
(202) 456-0127-fax – Attention: Jay Lefkowitz**

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***December 29, 2002 – 30th Memorial  
Eastern 401 – Everglades FL***

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Eastern 401 was en route from New York City to Miami when it crashed in the Everglades. Initially there were 77 survivors and 91 fatal souls on board; sadly, the fatalities eventually grew to 103 victims.

EA401 was a new Lockheed 1011, however, the probable cause reported was the failure of a \$12 light fixture that led to a chain of events that caused the world's first crash of a jumbo jet.

We are trying to contact survivors and those who lost loved ones. If you know of someone impacted by EA401 please contact NADA/F via [info@PlaneSafe.org](mailto:info@PlaneSafe.org)

For additional information view their new website:

**[www.geocities.com/DONUTS13](http://www.geocities.com/DONUTS13)**

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**January 31, 2002 – 3:15 PM - Alaska Airlines 261  
Memorial Dedication in Port Hueneme CA**

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On the 3<sup>rd</sup> year anniversary of the Airline Crash of Alaska Flight 261 off the coast of Oxnard, California, the families of the 88 victims are dedicating the memorial monument.

With the support and cooperation of the City Council of Port Hueneme, a beach front site has been prepared at Port Hueneme Beach Park, West Ventura Road, and will have completed construction by the end of this year.

A massive sundial mounted on a rotunda and including playful dolphins will memorialize the victims and the time of the crash.

The names and birth dates of all 88 crew and passengers who perished in the crash will surround the base of the monument.

Local artist Bud Bottoms of Santa Barbara CA designed the beautiful bronze cast statue. The artist was selected by the family members from a group of 42 submitted designs.

**Thursday, January 31, 2003**, city dignitaries and invited guests will join the families for a dedication service that will begin about 3:15 PM and conclude about an hour later.

The monument will be dedicated to those who lost their lives and will also be a lasting piece of art for the citizens of the area. **The public is invited to attend.**

*Patty Sanchez*

For further information contact Patty at (206) 526-7657

Or Email: [PATESAN@AOL.COM](mailto:PATESAN@AOL.COM)

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***NADA/F Support for Proposed Flight Data Recorder (FDR) and  
Cockpit Voice Recorder (CVR) Upgrades***

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The "Black Box" has always been the most important tool in air crash investigation, which includes the Flight Data Recorder (FDR) and Cockpit Voice Recorder (CVR). The industry in the U.S., and the FAA, have a long history of delaying much-needed upgrades in FDR/CVR equipment on passenger planes. *NADA/F* firmly believes that any delay in the recovery of flight data hinders accident investigation progress.

It is so important that today's technology be used on today's planes! For years the NTSB, *NADA/F* and others have pushed for better quality, more parameters, 25 hours of continuous sound, an independent power source, and more; but still the industry and the FAA delayed these much needed upgrades.

The NTSB March 9, 1999 recommendations for improved FDR/CVR, recommended dual combined FDR/CVR units, one in the front, and one in the rear, to provide data recovery back-up.

*NADA/F* believes the rear unit should be a deployable flight recorder system, which actually separates from the aircraft at the onset of a crash, equipped with upgraded locator transmitters, and lands separate from the crash site.

**Over 4,000 deployable systems have been sold to the U.S. military and to more than 20 countries worldwide, and have been in use for over 30 years.** The Navy's long-term experience with the deployable technology has shown that it is a proven technology, which would greatly increase the survivability and recoverability of critical flight information from commercial air accidents, while reducing the time and cost of mishap investigation, search, rescue and recovery efforts.

*NADA/F* strongly encourages Congress to take the critical steps necessary to save lives and prevent future air disasters by requiring the FAA to follow through with the March 9, 1999 NTSB recommendations, including the added safety step of requiring that one of the units be a deployable recorder.

**A deployable FDR/CVR could possibly have provided invaluable information about what happened on AA11 and UA175 Sept. 11, 2001.**

NADA/F has formally endorsed the proposed legislation to require the FAA to implement the March 9, 1999 NTSB recommendations, including the deployable recorder system. NADA/F members always want the most thorough air crash investigations possible, and it is long overdue that commercial aircraft be equipped with the best "black box" technology available.

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**NADA/F PARTICIPATION IN FAA ARAC – (AVIATION RULEMAKING ADVISORY COMMITTEES) - FUEL TANK INERTING HARMONIZATION WORKING GROUP (FTIHWG)**

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Fuel tank inerting is known technology that would have prevented 27 or more fuel tank ignition explosions, including TWA800 July 17, 1996, and a more recent Thai Airlines center wing tank explosion in 2001.

The first FAA ARAC Committee to study the issue in 1998 reported that it was too expensive to fix the fatal flaw, and they wanted more studies.

The second FAA ARAC Committee to study fuel tank inerting began work September 2000, and NADA/F had three representatives on the Working Group: Jim Hurd from TWA800, Bill Kauffman, Aerospace Professor and expert on explosions, and Steve Finley from BOC Gases.

Once again the industry issued a flawed report. However, this FTIHWG was NOT in "harmony," and NADA/F, with professional help, filed a major Dissent to the Report on March 13, 2002. The Dissent is posted on our website, and we will continue to push for an immediate program to inert commercial aircraft fuel tanks, and eliminate this danger of explosion. The military has used forms of inerting for over 30 years, and it is long overdue to give commercial passengers the same protection!

At the March 13, 2002, FAA Executive Committee (ExComm) meeting of the rule-making committees, the Boeing representative publicly agreed that inerting is 100% effective in preventing center wing tank explosions.

When the center wing tank (CWT) is empty the fuel vapors and air, plus an ignition source, can result in a fatal explosion, such as TWA800. A fuel/air explosion may occur when the following come together: fuel, oxygen (oxidizer), ignitions source, confinement, and fuel vapors. Lowering the oxygen content, by increasing the nitrogen in the CWT, is 100% effective in preventing these explosions.

The industry members of the Fuel Tank Working Group (FTIHWG) were opposed to the known solutions as they said it was "too expensive," however, our participation and working with others disclosed that the cost could be as low as 25 cents per passenger.

Fuel Tank Inerting is one of the NTSB (National Transportation Safety Board) Top 10 "Most Wanted" safety improvements. Jim Hall, former NTSB Chair, referenced a report going back to 1963:

*"It is imperative at long last, that the aviation community move with dispatch to remove flammable fuel/air mixtures from the fuel tanks of transport category aircraft as recommended to the CAB on 17 December 1963 as a result of the Pan Am 214 disaster."*

NADA/F is the only organization on record recommending that fuel tank inerting be a rule on production of new aircraft. NADA/F is also on record opposed to the flawed "cost benefit analysis" used to oppose this proven plane-saving technology.

NADA/F has been pushing hard for the FAA to mandate inerting as soon as possible. The FAA is studying the well-known technology to prevent these explosions, and is expected to make additional recommendations soon.

NADA/F is the only organization with broad-based participation on FAA ARAC representing family members *and the traveling public*. NADA/F has a seat on the FAA ARAC Executive Committee, plus representatives on the Issue Groups and Working Groups. FTIHWG was a Working Group, and all

working group meetings are closed to the public. *NADA/F* participation was significant and we will continue our work.

To download a copy of the Fuel Tank Inerting Dissent go to **[www.PlaneSafe.org](http://www.PlaneSafe.org)** and scroll down the **Homepage** to **What's New** and click on the link, **or go to Safety** and click on the link. **Page 12 of the Dissent has a list of the 27 known center wing tank explosions.**

Special thanks to all of our ARAC member-volunteers for their hard work and commitment to aviation safety. We will continue to be that sustained voice for the future, pushing for aviation safety/security reforms. We are not going away! I want to know that we have done everything possible to prevent another center wing tank explosion. We urge the FAA and the industry to make that same commitment.  
*Gail Dunham, President*

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### ***SUPPORT FOR VICTIMS' FAMILIES NADA/F'S FAMILY SUPPORT TEAM***

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*NADA/F's Family Support Team* was organized to provide Support for Victims' Families, and our program continues to grow. *FST* was called to action as a team, for the first time, for service at the Pentagon Family Command Center, although family members have provided meaningful support for other victims' families for many years. During the past year *NADA/F* has provided support for victims families in many ways, as we respond and reach out to families in our country, and internationally. We continue to build on our knowledge and experience as more family members and crisis response professionals join our team.

*FST* Members have participated in a variety of training programs throughout the country, which gives our team a depth of knowledge. We especially enjoy working with ICISF, which offers training coast to coast, plus at international meetings, at locations which may be convenient for you. Their training is also very affordable for our members, so take a look and consider a two-day or four-day learning experience.

If you would like to volunteer for *FST* or learn more about *FST*, please give me a call.

***Barb Skudlarick***  
(360) 371-4108 [MazamaJoe@cs.com](mailto:MazamaJoe@cs.com)

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### **INTERNATIONAL CRITICAL INCIDENT STRESS FOUNDATION, Inc. - ICISF**

ICISF is a non-profit, open membership foundation dedicated to the prevention and mitigation of disabling stress through education, training, and support services. They work with Crisis and Disaster Response Programs, organizations, and communities worldwide. *NADA/F* is proud to work with ICISF!

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Classes that would be the most applicable to *Family Support Team (FST)* would be:

- ✓ Critical Incident Stress Management (CISM) Basic Group Crisis Intervention
  - ✓ Critical Incident Stress Management (CISM) Crisis Intervention and Peer Support, and
  - ✓ Critical Incident Stress Management (CISM) Advanced Group Crisis Intervention.
- Conferences offer up to 12 classes, including *NEW* courses such as Domestic Terrorism and Violence in the Workplace.

Each class is a 2-day program, and you may participate for 2 or 4 days.

***Questions?*** Training is very affordable. Feel free to give us a call for more information.

***FST Director, Barb Skudlarick, [MazamaJoe@cs.com](mailto:MazamaJoe@cs.com) (360) 371-4108, or Helen and Larry Siebert [HlnSiebert@aol.com](mailto:HlnSiebert@aol.com) (573) 635-1488***

**October 31-November 3, 2002      Traverse City MI** Critical Incident Response Team of Northern Michigan.

Contact: Vicki Lyon (231) 943-9567 [QueenLyon@hotmail.com](mailto:QueenLyon@hotmail.com)  
Holiday Inn on the Bay – special rate of \$89 per night (800) 888-8020  
<http://www.icisf.org/conference/brochures/TraverseCity.pdf>

- November 14-17, 2002**      **West Palm Beach FL** – CISM of Palm Beach County -  
 Contact: Stephanie Dill (561) 227-5186 - SDill@hpbc.com -      The Sheraton  
 West Palm Beach at City Place - \$125 per night  
<http://www.icisf.org/conference/brochures/WestPalm.pdf>
- December 5-8, 2002**      **San Diego CA** – San Diego County CISM Team  
 Contact: Patti White (619) 516-1397 – PRWhite@sbcglobal.net  
<http://www.icisf.org/conference/brochures/SanDiego.pdf>
- January 16-19, 2003**      **Odessa TX** – Odessa Police/Fire Depts., Odessa College, and  
 Chamber of Commerce. Contact: Harold Thomas (915) 335-3309 –  
 hthomas@ci.odessa.tx.us  
 Or Arleene Loyd (915) 335-6334 -  
<http://www.icisf.org/conference/brochures/Odessa.pdf>
- February 12 – 16, 2003**      **7<sup>th</sup> World Congress on Stress, Trauma & Coping** (410) 750-  
 9600  
 “Crisis Intervention in a Changing World” - Contact: Shelley Cohen, Coordinator  
 Baltimore Marriott Waterfront Hotel - Baltimore MD -  
<http://www.icisf.org/congress7WC/>
- March 5 – 8, 2003**      **St Louis MO**
- March 13-16, 2003**      **Albuquerque NM**
- March 27-30, 2003**      **Des Moines IA**
- April 10-14, 2003**      **Lansing MI**
- April 24-27, 2003**      **Atlanta GA**
- May 1-4, 2003**      **Naples FL**
- June 5-8, 2003**      **Indianapolis IN**
- June 19-22, 2003**      **New Brunswick NJ**
- June 26-29, 2003**      **Springdale Arkansas**
- July 24-27, 2003**      **Edmonton, Alberta, Canada**
- August 7-10, 2003**      **Columbia MD**
- September 4-7, 2003**      **Phoenix AZ**
- September 11-14, 2003**      **Clearwater FL**
- September 18-21, 2003**      **Cedar Rapids IA**

*More classes will be announced. Training updates will also be on our website: [www.PlaneSafe.org](http://www.PlaneSafe.org)*

For more information visit the website: <http://www.icisf.org/> or  
<http://www.icisf.org/dates.htm>

**International Critical Incident Stress Foundation, Inc.**  
**3290 Pine Orchard Lane, Unit 106, Ellicott City, MD 21042-2272**  
**(410) 750-9600-phone (ask for Kim Michelotti) - (410) 750-9601-fax or Email:**  
 kbrown@icisf.org

**FREE Memberships Available!**  
**The Ostriches Anonymous Association (OAA)**

**Mr. Oliver Ostrich**  
**The Woeful, Winged Wonder of the Airways**

The “*Oliver*” is intended to enlighten, to entertain, and to promote aviation safety. The “*Oliver*” is recognized as the “*Head-in-the-Sand*” Award, presented anonymously to the individual or organization whose statements represent neglect, denial, ignoring aviation risks, or ignoring opportunities to truly promote safety.

NADA/F is offering a limited number of free annual memberships in OAA. If you are interested please let us know via the mail, or Email: [info@PlaneSafe.org](mailto:info@PlaneSafe.org) Everyone is welcome to send in a “sighting” which calls

attention to risk denying statements from the aviation and government folks responsible for higher standards of safety and security.

If you would like to receive a free OAA newsletter send an email to [BBesco@ppi.aero](mailto:BBesco@ppi.aero) The website is: [www.properf.org/oaa](http://www.properf.org/oaa) (If it is not under construction).

Feb. 2002, NADA/F Board Member Carole Rietz received the “*Award of the Ruffled Tail Feathers*” for her sighting. The award includes a cash prize, a commemorative plaque and Lifetime Voting Membership in OAA. This award is chosen by secret ballot of the membership. The next winner could be you!

Just a few of the 2002 sightings:

**TSA (U.S. Transportation Security Agency) Spokesman in the following Sighting:** “*Since it was a federal violation, if [the thwarted passenger] is assessed a fine; he will receive notification by letter and he can appeal the fine!!*”

***Oliver's Astute Analysis:*** Doesn't that renew your confidence in the government's takeover of security screening?

**City Manager:** “*The man wasn't arrested because the minute he walked through security with a gun it became a federal offense and no-one had the authority. He was allowed to leave.*” A random search of carryon luggage at the gate, prior to boarding, found an unloaded handgun that had passed unnoticed through a security checkpoint.

***Oliver's Astute Analysis:*** (See above)

**Airline Spokesman:** Who reported “*We cooperated fully in the investigations, after four pilots and two ramp workers were charged with possession of fake immigration documents. One of the four fliers, and an additional pilot, also have been charged with making false statements to obtain a Social Security card.*”

***Oliver's Astute Analysis:*** What happened to the back-ground checks FAA requires for pilot records, criminal records, DUI records, etc.? Wouldn't that also include a small issue of illegal alien status? *Quien sabe, amigo?*

**U.S. SENATOR:** who said that “*We're relaxing the tight requirements on airport screeners to allow 'work experience' instead of a high school education.*”

***Oliver's Astute Analysis:*** Isn't their “work experience” what caused the problems in the first place?

**FAA SPOKESMAN:** responding to a news report that 161 FAA managers got more than \$1 million in bonuses last year even though the agency failed to meet half of its performance goals: “*The FAA did achieve five of its goals, and the bonuses went to execs who had achieved on average 73% of the goals they set.*” Among the goals **not** met were reducing operational errors by controllers, reducing runway incursions, and limiting aircraft noise, but those in charge got bonuses nonetheless.

***Oliver's Astute Analysis:*** When I went to school, 73% got you a D+. And these were the **top** performers!!!

**AIRLINE SPOKESPERSON:** “*Obviously, security is taken very seriously. The FAA has guide-lines that every airline has to follow. Everybody has to go through the same sort of security measures,*” after security personnel attempted to confiscate 86-year-old ex-USMC WW-II hero Joe Foss's Medal of Honor because “*it could have been a weapon.*”

***Oliver's Astute Analysis:*** For those who have doubts about the FAA's abandoning its role in "promoting aviation", this should set their minds at ease.

**FAA TRANSPORT AIRPLANE DIRECTOR-ATE OFFICIAL:** who said that “*Transport category airplanes, by virtue of their passenger carrying function, are not intended to be subjected to violent maneuvering conditions,*” after speculation that the AAL587 Airbus 300 yawed before its crew applied opposite rudder to counteract it, tearing the already-damaged fin off the airplane.

***Oliver's Astute Analysis:*** That admission should convince the NTSB to revisit its "Probable Cause" statements for the B-737 rudder hard over upsets, *inter alia*, and reassign the responsibilities where they belong: incompetent FAA regulators.

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**OAA also has an occasional “Home to Roost Award” which is conferred when reality signals to the world that a particular “Head-in-the-Sand” statement is now obvious to everyone.**

**FAA Experts:** “*The pilots could continue flying the plane if a cable broke, so it was not considered a crucial part. We did not think the situation was urgent.*” (In response to charges that the FAA waited 17 months before advising carriers about a control cable manufacturer which was not testing cables that military tests had found to fail at 50% of rated load).

***Oliver's Astute Analysis:*** Obviously we needn't worry about other “non-critical” parts, like wheels, tires, avionics, which have occasionally been lost and the airplane continued to fly.

The “*Home to Roost Award*” reported that the U.S. Dept. of Justice entered a \$1.6 million criminal and civil settlement with the cable/wiring company. As part of the settlement the company admitted it falsely certified the flight control cable it produced and sold, and it was reported that a former employee, Patricia Keehle, successfully initiated the whistle-blower lawsuit against the manufacturer and received \$210,000.

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**OAA is having a record number of sightings during 2002; however, we need your help also. When you hear a statement that makes no sense send your sighting to: [BBesco@ppi.aero](mailto:BBesco@ppi.aero) or mail to OAA, 31 Maple Ave. 7C, Dallas TX 75201-1246 (214) 468-0830**

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## Can You Benefit From a Charitable Remainder Trust?

Generosity and philanthropic motives are important factors behind most charitable giving. However, they are often not the only factors. Many investors also may be motivated by significant tax, investment and estate planning advantages associated with the making of charitable gifts through a charitable remainder trust.

If you are an investor in your 50's or older, or nearing (or already in) retirement, and if you currently own highly appreciated securities, you may wish to consider a charitable remainder trust in order to take advantage of the tax benefits provided by such a trust. Through a charitable remainder trust, you may receive:

- Relief from immediate capital gains taxes on the sale of contributed assets.
- An income stream for the rest of your (and your spouse's) life.
- A current-year income tax deduction.
- The potential to reduce estate tax liabilities.
- The ability to diversify your investment portfolio.
- The personal satisfaction that comes from supporting a favorite charity.

### How a Charitable Remainder Trust Works

A charitable remainder trust is created to provide lifetime or term income payments to you (and/or your family members), while the *remainder* is eventually payable to a qualified charitable organization. Your payments, subject to income tax, may be an annual fixed dollar amount (**an annuity trust**) that is equal to a percentage of this trust's initial value, or they may be variable annual payments (**a unitrust**) equal to a percentage of the trust fund. In this case, the fund is revalued each year.

Because a charitable remainder trust is tax-exempt, appreciated assets transferred by you to the trust may be sold by the trustee *free of immediate capital gains taxes*. Assets in the trust may then be reinvested in a high-quality diversified portfolio, which can potentially generate increased income.

Another benefit a charitable remainder trust can provide you is a charitable income tax deduction in the year you fund your trust. Keep in mind that your deduction will be less than the total value of the trust assets if you or other beneficiaries are to receive payments from the trust.

An additional tax advantage provided by a charitable remainder trust is that assets transferred to the trust will not be counted as part of your estate. This helps to reduce the value of your estate, which could reduce potential future estate taxes. Federal and state estate taxes range between 38-50% on taxable estates valued at \$1,000,000 or more for 2002 and 2003.

### Wealth Replacement

Many individuals who are interested in establishing a charitable remainder trust ask about leaving assets to heirs. While assets in the charitable remainder trust must go to the charity upon the death of the surviving beneficiary, the increased cash flow and tax savings that result from the trust may be used to purchase life insurance in an irrevocable life insurance trust. With a properly structured life insurance trust, (1) premiums are paid with dollars that would have gone to taxes, (2) proceeds are outside the estate and are not subject to estate or inheritance taxes, and (3) proceeds are received by your beneficiaries income tax-free.

Please keep in mind that a charitable remainder trust is irrevocable. Assets in the trust will eventually go to your designated charity. Consult your tax and legal advisors to be sure a charitable remainder trust fits into your overall estate plan. If it does, you may enjoy significant tax, investment and financial benefits as well as leave a lasting legacy to your favorite charity.

Contributed by Kerry P. Felski, Senior Vice President  
Morgan Stanley  
2 Penn Plaza – 22<sup>nd</sup> Floor  
New York, NY 10121  
(800) 573-7362

This article does not constitute tax or legal advice. Consult your tax or legal advisors before making any tax or legally-related investment decisions. This article is published for general informational purposes and is not an offer or solicitation to sell or buy any securities or commodities. Any particular investment should be analyzed based on its terms and risks as they relate to your specific circumstances and objectives.

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**Special thanks to Morgan Stanley for sponsoring this newsletter!** We hope that you will read the enclosed information about Charitable Remainder Trusts. A trust such as this could possibly benefit you now, and ensure a legacy that *NADF's* work will continue in the future to prevent these devastating disasters.

While *NADF* has a policy not to endorse products or services, we would like our members to know that Kerry Felski at Morgan Stanley has been an active member since the first air crash family member group meeting in 1992, after losing his mother-in-law and father-in-law, on United 232, July 19, 1989 at Sioux City Iowa.

Please consider a donation to the *NATIONAL AIR DISASTER FOUNDATION*, incorporated in 1995 as a charitable 501(c)(3) organization, to promote safety, security, survivability, and support for victims families, for now, and for future generations.

On behalf of our members worldwide,  
*Gail Dunham, President*