

SEPTEMBER 2020



# AERO CREW NEWS

Your Source for Pilot Hiring and More..

How to Weather  
Industry Downturns

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As the ripple effects of this pandemic continue to create turbulence in every area of our daily lives, we understand that you and your loved ones are uncertain about the future of your career, your goals, and your financial security. Whether you're just starting your career, are beginning to plan for retirement, or are somewhere in between, it's likely that the challenges facing the aviation industry are leading you and your family to plan for changes in your income and lifestyle.

It's perfectly normal to be concerned, and we want to support and provide you actionable resources during this difficult time. **Visit [raa.com/turbulence](https://raa.com/turbulence)** to access checklists, budgeting tools, economic calculators and more.

Over 30 years ago, the pilot-founders of RAA saw the need to provide highly specialized financial services to their colleagues in the airline community. At the time, there were many financial advisory firms to choose from, but none that focused on the unique needs, desires, and challenges that come with a life spent flying the line. Serving our friends and colleagues in the airline community is why we are in this business, but how we carry on this legacy is just as important. Times of crisis and turmoil such as this are when we feel we can add the most value and we're here to answer any questions you have.



Financial Guidance for the  
Airline Community



# AERO CREW NEWS

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# contents

SEPTEMBER 2020

JUMP TO EACH SECTION BELOW  
BY CLICKING ON THE TITLE OR PHOTO.

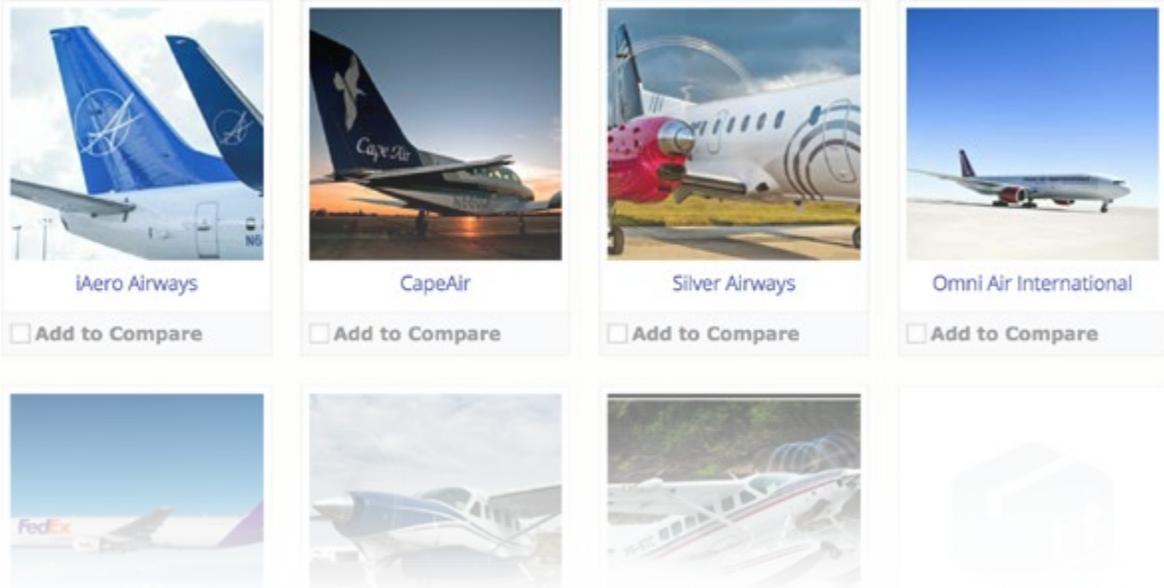


## Also Featuring:

Letter from the Publisher	8
Aviator Bulletins	10
How to Weather Industry Downturns	32

# the grid

Display:   Date (default) Categories Filters



**US Cargo**  
[ABX Air](#)  
[Alaska Seaplanes](#)  
[Ameriflight](#)  
[Atlas Air/Southern Air](#)  
[FedEx Express](#)  
[iAero Airways](#)  
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[Key Lime Air](#)  
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**US Cargo Regional**  
[Empire Airlines](#)

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[Airshare](#)  
[GMJ Air Shuttle](#)  
[Key Lime Air](#)  
[Omni Air International](#)  
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**US Fractional**  
[FlexJet](#)  
[NetJets](#)  
[PlaneSense](#)

**US Major Airlines**  
[Alaska Airlines](#)  
[Allegiant Air](#)  
[American Airlines](#)  
[Delta Air Lines](#)  
[Frontier Airlines](#)  
[Hawaiian Airlines](#)  
[JetBlue Airways](#)  
[Southwest Airlines](#)  
[Spirit Airlines](#)  
[Sun Country Airlines](#)  
[United Airlines](#)

**US Regional Airlines**  
[Air Choice One](#)  
[Air Wisconsin](#)  
[Cape Air](#)  
[CommutAir](#)  
[Elite Airways](#)  
[Endeavor Air](#)  
[Envoy](#)  
[ExpressJet Airlines](#)  
[GoJet Airlines](#)  
[Grant Aviation](#)  
[Horizon Air](#)  
[Key Lime Air](#)  
[Mesa Airlines](#)  
['Ohana by Hawaiian](#)  
[Piedmont Airlines](#)  
[PSA Airlines](#)  
[Republic Airways](#)  
[Silver Airways](#)  
[Skywest Airlines](#)  
[Star Mania Air, Inc.](#)

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*\*Suspensions/revocations and convictions are separate reportable offenses even if they are related to the same incident*



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REACH AN AFFLUENT COMMUNITY OF LGBT AVIATORS AT THE NGPA INDUSTRY EXPO. E: [DAVID.PETTET@NGPA.ORG](mailto:DAVID.PETTET@NGPA.ORG)



# Dear readers,

Traditionally, September is a slow month for airline travel with the end of summer vacation season and children returning to school. But unfortunately, this has already been one of the slowest years for airline travel in history. I often hear and read posts where people are wishing 2020 to end now, but even if we could accelerate time, would that fix all the problems we face together? We must remain hopeful that eventually, life will return to normal or that a new normal will be established with places opening up allowing us to travel again. Personally, I didn't have much luck trying to complete leisure travel in the waning weeks of vacation season. I had to cancel several reservations as circumstances continued to change, so we decided to stay local and spend time with family. Multiply my experiences by hundreds of thousands and the picture starts to develop. As the curve of virus cases flattens, let's hope the curve of air travel passengers rises and we'll once again be part of a thriving, exciting industry that contributes to others' quality of life as well as our own.

Fly Safe,

*Craig D. Pieper*

Craig D. Pieper



## About the Publisher

**Craig Pieper** is the Publisher and Founder of Aero Crew News. Craig obtained his Bachelors of Science in Aeronautical Science, along with a minor in Aviation Weather, from Embry-Riddle Aeronautical University in 2001. Craig is also a First Officer for a major airline with a type rating in the Boeing 737 & Embraer 145 and has logged over 8,000 hours of flying time since his introductory flight on November 14th, 1992.

# August 2020

Our August FEATURE was the compelling story of a determined pilot who forged her way into our ranks through a series of fortuitous opportunities and a tenacious determination. You'll enjoy meeting Jessica Richardson, author of her own story. Joshua Dils is back as a contributor to FITNESS CORNER with good advice about managing crews' diet, exercise and fitness in the time of COVID-19. Crisis counsel and edification continues in the MONEY column from James Knapp. Kristopher Olson writes this month's PERSPECTIVES answering a question many ask themselves -- If I were learning to fly now, would I stick with it? See if you agree with Olson's reply. A new column titled KNOWLEDGE BASE debuts with a piece by Sergio Sovero covering the topic of requirements demanded for IFR alternate planning. SQUALL LINES has an apt title for August in Anthony Lorenti's column titled Heat Bursts! You may learn some valuable information in this and all the columns for August. Remember, we would love your feedback. Contact us at [info@aerocrewnews.com](mailto:info@aerocrewnews.com).



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# Alaska Airlines introduces touch-free travel

Airline announces 'From check in to inflight - a more convenient and touch-free experience for guests

**W**ith hygiene and safety concerns top of mind, Alaska Airlines is making it easier for guests to travel touch-free. Through improved technology and innovation, Alaska is creating more convenience and less contact among guests and employees during travel.

Over the coming weeks, new touch-free options for Alaska guests and employees will include the ability:

- To pre-order meals and purchase food and beverages on board using a stored credit card (pending return of food and beverage for purchase in main cabin).
- To print bag tags without having to touch check-in kiosks.
- For agents to scan boarding passes up to six feet away while boarding.
- To receive a text message instead of a printed boarding pass if guests don't already have the Alaska Airlines mobile app.
- To get an emailed receipt for baggage instead of printed receipt.
- For more details, visit [our blog](#).

The Alaska Airlines mobile app is still the single best tool to limit contact while traveling. The Android and iPhone app allows guests to check in for their flight, generate a mobile boarding pass, change seats and prepay for bags. Guests can also stay up to date on their flight status, gate changes and boarding notifications.

"These advancements help make the travel experience easy and almost entirely touch-free for our guests and are just part of the many ways we're keeping our guests and employees safe during this time," said Charu Jain, senior vice president of merchandising and innovation.

Recently, Alaska implemented nearly 100 actions to keep guests and employees safe. Flyers must always wear a cloth mask or face covering when at the airport or onboard Alaska aircraft and complete a health agreement at check-in to acknowledge and attest to their willingness to adhere to the mask requirement. Other layers of safety include: [EO Essential Oils](#) alcohol-based, relaxing French lavender-scented sanitizing wipes available on all Alaska and Horizon Air flights; enhanced cleaning between every flight; hospital-grade HEPA air filters; an air filtration system that circulates fresh, outside air into the cabin every three minutes; limited onboard service to reduce interactions; hand-sanitizing stations throughout the journey and more. The actions are all part of Alaska's commitment to [Next-Level Care](#).

Alaska Airlines and its regional partners serve more than 115 destinations across the United States and North America, providing essential air service for our guests along with moving crucial cargo shipments, such as food, medicine, mail and e-commerce deliveries. With hubs in Seattle; San Francisco; Los Angeles; Portland, Oregon; and Anchorage, Alaska, the airline is known for low fares, award-winning customer service and sustainability efforts. With Alaska and its Global Partners, guests can earn and redeem miles on flights to more than 800 destinations worldwide. Learn more about Alaska at [newsroom.alaskaair.com](#) and [blog.alaskaair.com](#). Alaska Airlines and Horizon Air are subsidiaries of Alaska Air Group (NYSE: ALK).



# American Airlines Boosts Its Clean Commitment

With Sustained Virus-Killing Coating to Help Safeguard Customers From Coronavirus. SurfaceWise®2 the first-ever long-lasting product approved by the EPA that will help fight the spread of the novel coronavirus

**A**merican Airlines is upgrading its Clean Commitment by adding the electrostatic spraying solution SurfaceWise®2 from Allied BioScience to its multitiered cleaning and safety program in the coming months. The SurfaceWise2 solution is the first-ever long-lasting product to help fight the spread of the novel coronavirus that is approved by the U.S. Environmental Protection Agency (EPA).

“The American Airlines Clean Commitment is our promise that we’re taking bold measures and using the latest products and technology to help ensure our customers’ well-being when they travel with us,” said David Seymour, American’s Chief Operating Officer. “Thanks

to rigorous evaluations conducted by the experienced professionals at the EPA, the American Airlines team and Allied BioScience, our multitiered program will become even stronger at safeguarding our customers and team members from virus such as coronavirus and the flu.”

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“SurfaceWise2’s long-lasting defense provides a layer of protection against viruses not offered by any other solutions on the market,” said Maha El-Sayed, PhD, Allied BioScience Chief Science Officer. We look forward to also seeing SurfaceWise2 used in offices, schools, gymnasiums and other high-traffic areas to support the nation in safely reopening.”

In the coming months, American will begin using SurfaceWise2 for electrostatic spraying on surfaces inside its aircraft with plans to use the product throughout its entire fleet, including those in its American Eagle regional partners. Other elements of the airline’s multitiered Clean Commitment, include enhanced aircraft cleaning performed before every mainline flight and an even deeper overnight cleaning.

“SurfaceWise2 creates an invisible barrier on surfaces, which physically breaks down and kills virus cells,” said Dr. Charles Gerba, a leading infectious disease expert. “This helps protect passengers and crew members against the transmission of coronavirus via surfaces, particularly on high-touch areas such as seats, armrests, tray tables and overhead bin doors.”

YouTube Video:

[SurfaceWise2 Maha El Sayed](#)

[SurfaceWise2 Dr. Charles Gerba](#)

[American Airlines aircraft and terminal cleaning](#)



## More space for holiday travel

Delta extends middle seat blocks into January 2021.

If you're considering holiday travel this year, Delta is your choice for safer space. We're extending one of our key health and safety protocols this winter holiday season by blocking the selection of middle seats and limiting the number of customers per flight through at least Jan. 6, 2021.

"Medical experts, including our own partners at Emory Healthcare, agree – more distance on board makes a difference," said Bill Lentsch, Chief Customer Experience Officer. "We believe that taking care of our customers and employees and restoring confidence in the safety of air travel is more important right now than filling up every seat on a plane. We'll continue taking a thoughtful, layered approach ensuring customers know to expect the highest standard of care as they prepare for their holiday travels."

As customers consider upcoming travel, we know flexibility is more important than ever. That's why Delta is also extending our change fee waiver for new flights purchased through Sept. 30.

### Blocking Middle Seats for More Space

Through Jan. 6, 2021, Delta will block the selection of middle seats in Delta Premium Select, Delta Comfort+ and

Main Cabin via the Fly Delta app or online.

- For customers in parties of 1-2: Middle seats will be blocked for safety.
- For customers in parties of 3 or more: Middle seats will appear as available for booking, to allow families and travel companions to select seats together.

This functionality helps us maintain our pledge to give customers more space on board while offering flexibility with their seat choices. We're also continuing to ensure our flights are not filled to capacity. For travel through at least Oct. 31, customers can expect that Delta will:

- Limit the number of customers on board all aircraft – with or without middle seats.
- Limit the First Class cabin to half capacity to further ensure more space between customers.\*
- Block one aisle of seats on aircraft without middle seats.

On routes where our planes begin to fill, we will continue to look for opportunities to upsize to a larger aircraft type or add more flights.

The Delta One cabin on widebody aircraft, which is designed with more space and privacy built in, will be offered at full capacity effective Oct. 1.

Customers can review their seat selections any time prior to departure in My Trips on [delta.com](https://delta.com) or in the Fly Delta app for greater reassurance about space on board.

As with all our health and safety measures, we will continue reviewing best practices and evaluating our standard of care, based on expert medical advice and customer feedback.

## Wearing Your Mask

Medical research tells us that wearing a mask is one of the most effective ways to reduce the COVID-19 infection rate. For everyone's safety, customers should expect to continue wearing masks or face coverings throughout the airport, in Delta Sky Clubs and on board the aircraft through the winter holiday travel season and beyond.

Customers who indicate they have an underlying condition that prevents them from wearing a mask are required to complete a "Clearance-To-Fly" process before being permitted to travel.

## Peace of Mind When Purchasing

Customers can continue enjoying peace of mind in case their travel plans change. For all new flights purchased through Sept. 30, travelers have the option to change their flight without a change fee for a year from the date of purchase. See [delta.com](https://delta.com) for details.

For a comprehensive overview of how we're delivering cleanliness, more space and safer service throughout the travel journey, visit our [delta.com](https://delta.com) Coronavirus Update Center.

\*On regional jets in 1x2 configurations, First Class cabin will be capped at 67%



# Adjusting to Customer Demand

United Adds New Nonstop Service to Florida from seven Midwest and northeast cities. Move adds up to 28 peak day nonstop flights timed to offer customers best, fastest options direct to top warm weather, leisure destinations.

**U**nited Airlines announced plans to add up to 28 daily nonstop flights this winter connecting customers in Boston, Cleveland, Indianapolis, Milwaukee, New York/LaGuardia, Pittsburgh and Columbus, Ohio to four popular Florida destinations. The new, nonstop flights reflect United's continuing strategy to aggressively, and opportunistically manage the impact of COVID-19 by increasing service to destinations where customers most want to fly.



## PROFESSIONAL PILOTS OF TOMORROW

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Professional Pilots of Tomorrow is a mentor program comprised of volunteers and designed to assist up-and-coming pilots make informed decisions regarding which regional airline will best suit their needs.

Our aim is to provide confidential, insightful, and unbiased mentoring to pilots by more experience and seasoned professional pilots from the airlines throughout the aviation industry.

We've created an environment where aspiring pilots are well prepared to make the critical early career and lifestyle choices unique to the aviation industry.



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The airline will incrementally add in these flights starting November 6 with new roundtrip service from Boston, Cleveland and New York/LaGuardia to Fort Lauderdale, Fort Myers, Orlando and Tampa. In December, the airline will increase service to Florida with additional flights from Columbus, Ohio; Indianapolis; Milwaukee and Pittsburgh to Fort Myers and Tampa. Tickets are now available for purchase on [united.com](http://united.com) and the United mobile app.

“The addition of these new flights represents United’s largest expansion of point-to-point, non-hub flying and reflects our data driven approach to add capacity where

customers are telling us they want to go,” said Ankit Gupta, United’s vice president of Domestic Network Planning. “We look forward to offering customers in the Midwest and Northeast more options to fly nonstop to Florida this winter.”

From Nov. 6, 2020 through January 10, 2021, United will operate nonstop service from Boston, Cleveland and New York/LaGuardia to Fort Lauderdale, Fort Myers, Orlando and Tampa on peak days.



# Let's Talk Expectations

Times of crisis are an excellent time to evaluate our long-term goals

WRITTEN BY: KRISTOPHER OLSEN

**M**any employees, investors and industry observers are wondering which airlines will falter as the COVID-19 pandemic ravages airlines. Name an airline and I am sure you can find an article on why it won't make it. No one truly knows which, if any, airlines will go under. However, writing negative articles on airlines is extraordinarily vogue, and the pandemic isn't about to earn any corporation's sympathy.

Looking ahead, I do believe one segment of the industry will respond to this pandemic positively and it may have significant meaning for those looking to become an airline pilot in the future. I believe when this pandemic passes, the segment of our industry which has proliferated in the past will continue to prosper.

The U.S. domestic air travel market is deemed a 'mature' market, meaning that it has stabilized in its current makeup. 'Mature' insinuates that the players we have today – Delta, American, Southwest, United, et al – will continue to dominate. Recent history has shown just that; the United States hasn't seen a startup airline since

Virgin America in 2007. Yet CAPA data shows that U.S.-based, domestic, low-cost carriers (LCC) have grown their market share from 28% to 32% from 2009 to 2018; a paltry number considering capacity in Europe hovers around 41%, up 78% in the same period. What this does show is that LCCs have a lot of upside still available.

History has been favorable to the LCCs that often sport simplified operating models, lower costs, higher productivity and connection-free itineraries. History looks ready to repeat itself as Southwest, Allegiant, Spirit and Frontier look to ramp up schedules and introduce new destinations in the wake left behind by the Big Three.

Factor into this that Breeze Airways, spearheaded by JetBlue and Azul founder David Neelemen, is continuing ahead with its plans to begin operations in 2020/2021. Another low-cost carrier, this time geared to the higher-end customer, a la JetBlue. 2021 is looking to have fewer passengers, fewer international destinations and more competition – a recipe for an industry shakeup.

The reason I bring this up is that many people view flying for the LCCs as a stepping stone to “bigger and better things.” If we peg our success to working for a specific carrier, we may find our careers less enjoyable. Rather, if we root our decision making in quality of life, personal connections and community involvement, some may find the biggest airlines are not always the best airlines. Times like these are an opportunity for pilots to evaluate what we value in our careers and our lives.

Seniority is king in this business. Leaving a regional for an upstart like Breeze is a risky move, but those who take the leap may end up in the top 10% of their seniority list for decades – something that is impossible at established airlines.

Spirit and Frontier were growing rapidly before this pandemic; they’ve made clear that they intend to continue that trend. For those starting later in their careers, the rapid upgrades afforded by these upstart LCCs allow them to reach the left seat sooner.

Allegiant Air, which has hubs in smaller secondary cities around the nation and operates a turn-only type model, offers the chance to be home daily, rather than commuting to large cities for work. Many with younger children or ties to smaller towns find this appealing.

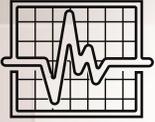
These airlines, along with the countless charter, corporate and cargo companies, offer a variety of opportunities for work-life balance. Do not misunderstand me, there is merit to working at larger airlines; oftentimes with better benefits, more overall time off, diverse flying schedules, variety of aircraft, social status, etc.; but the industry at large can offer nearly similar packages to pilots. A long, prosperous airline career depends on more than having a seat in the jet. It requires good health, a supportive family, time for hobbies, and travel. Those who are learning to fly today should take an honest look at what they value in life and determine whether other airlines can meet those needs. In the near future, a lot of opportunities are forecasted to arise in the LCC segment and opportunistic pilots may find their dreams fulfilled if they act.



## About the Author



**Kristopher Olsen** grew up in an airline family including pilots, mechanics, flight attendants and air traffic controllers for major airlines and the Federal Aviation Administration. [Read More...](#)



FITNESS

# FURLOUGHED?



## OVERCOMING A FURLOUGH

WRITTEN BY: REINI THIJSSEN

Over the past few months, the airline industry has gone from pilot and mechanic shortages to extreme overstaffing. This turnaround was sharp and dramatic. Pilots, flight attendants and A&Ps are facing a harsh, undeserved reality. Their colleagues, or even themselves, may be furloughed.

A furlough can be an emotional rollercoaster. When being furloughed, it might feel as if your world were collapsing. Besides the loss of stability, structure, lifestyle, and colleagues, the sense of social utility and identity

can be strongly affected. When dealing with grief, feelings of anger, sadness and frustration are common. Everyone experiences loss in their own way.

Grief is a term often linked to the loss of a loved one, but it is equally applicable to losing a job. The different stages of grief in the Kubler-Ross grief cycle can also be experienced when it comes to important life changes, such as a furlough. Understanding and applying the stages of grief on oneself, colleague, or spouse can help process the emotions that come with a furlough.

## **The following are the Kubler-Ross five stages of grief:**

### **Stage 1: Denial**

During the first phase, denial, it is difficult for one to face the dismissal. Denial can be the conscious or unconscious refusal to face reality. It is a natural form of self-protection. It helps determine at what rate the grief is allowed. This phase usually manifests itself through avoidance, confusion, shock, and fear.

### **Stage 2: Anger**

When the truth is faced, anger occurs. In this phase, these angry feelings may be projected onto the boss or company who have failed them. It is also possible that the blame is passed onto colleagues. Anger helps in the grieving process since the feelings of guilt and grief are suppressed by focusing on the anger that comes with blame. Feelings of anxiety, frustration, irritation, and thoughts of revenge can occur during this phase.

### **Stage 3: Bargaining**

At this stage, attempts are made to negotiate. One can try to deal with the loss of work by setting goals or making promises. For example, bargaining can be done by applying for myriad jobs or setting extremely high personal goals. During this phase, it might be difficult to find meaning, and it is particularly important to reach out to others for support.

### **Stage 4: Depression**

When reality sets in, some may go into depression or show symptoms of stress. When one begins to accept reality, feelings of sadness, regret, fear, and insecurity emerge. Losses from the past resurface and one may need to express their sadness repeatedly. Underneath the sadness, feelings of anger remain. Suppressed anger is often a crucial cause of depression. Other feelings that might occur during this phase are helplessness, overwhelmedness and hostility.

### **Stage 5: Acceptance**

Having had enough time to process the loss and go through the mentioned stages, it is possible to start accepting reality. It is time to let go. Letting go is not the same as forgetting. It is giving the loss a place in life and moving on. Only after acceptance can come a new perspective, actively moving forward, exploring options, and making new plans.

## **Strategies for dealing with a furlough**

### **1. Share your Story**

Telling the story in detail is important to help process what happened and provides relief. Sharing the story is a crucial step in becoming aware of what happened and to move on in the grieving process.

- Tell the story of what happened to your partner and family. Sharing your story helps to deal realistically with the loss. Ask for support to help bring order to the overwhelming situation;
- Tell the story to someone else. Talk to someone who is likely to ask questions, listen and help you reflect on your story for new insights.
- Tell yourself by writing in a journal or an email to yourself.

## 2. List Concerns

Telling the story is one thing, but what is the most stressful in this situation? Make a list of ten things that cause you stress. Then rate these factors from 1 - 10 to indicate what you experience as most stressful. Think about how this stress factor can be reduced and add that in the third column. If needed, ask someone to help you.

## 3. Dealing with Emotions

In a loss situation, feelings of sadness, anger or fear are normal reactions. These reactions can be overwhelming and it is important to acknowledge and recognize these emotions. Suppressing feelings can aggravate them and lead to higher anxiety, depression and anger issues, often without knowing why. It is crucial to becoming aware of existing emotions. Without naming them, there is no way of knowing what causes them and why, nor how to cope.

## Awareness

1. Write down/ think about what makes it difficult to deal with this situation.
2. Write down/ think about what emotion you are feeling at this moment.
3. Give it a number. How much you are bothered by this emotion; what number would you be (1 lowest - 10 highest)?
4. Think about where in the body that emotion is felt.
5. Describe your behavior in a particular situation when feeling the emotion.
6. Do you want to feel it, or do you prefer to ignore it?
7. Is the emotion so strong that it keeps you worried?
8. Does this feeling occur in other situations? When?
9. What productive behaviors could help you feel better?
10. What do you do with the emotion afterward?

<b>10 stress factors</b> (What is causing stress?)	<b>Rate 1-10</b> (1 lowest, 10 highest)	<b>Actions</b> (What is going to be my next action to resolve stress?)

## Anger

Turn the anger into exercise. It can help eliminate the anger by kickboxing, playing tennis, going for a run, weightlifting, or other energetic outlets.

## Sadness

Do not suppress it. Find someone who will listen, offers a shoulder and acknowledges your pain.

## Fear

When experiencing feelings of fear and insecurity, feeling safe in your environment is essential.

- Make sure you feel safe at home.
- Visit family and friends who make you feel supported and safe.
- Participate in activities that you feel comfortable with.

## 4. Focus on the Future

Focusing on the future can help you stay physically and mentally healthy. In order to reach this goal, it is important to take good care of yourself.

## Routine

Work ensures a structure and routine in life. Now that this has changed, it is important to keep or bring structure to your life. Try to maintain normal morning and evening routines, like reading the news with morning coffee if that is something that you are accustomed to doing. Keeping routines helps you feel productive and provides a sense of purpose.

## To-do lists

Make a to-do list in which it is easy to keep track of what you want to do in the morning, afternoon, and evening. Writing the list before going to sleep can help start the next day with goals. Start doing this daily and

eventually try to schedule a few days or a week. Check off what has been accomplished. Leaving enough time in your daily schedule helps to make time to relax and to sort things out.

## Productive habits

- Set an alarm and get up on time, even if you do not feel like it.
- Follow your usual morning routine.
- Take care of personal hygiene.
- Drink enough water during the day (15 cups a day).
- Eat healthily.
- Exercise.
- Plan activities in advance that you can look forward to.
- Pick up old, or new, hobbies or interests.
- Make time for social activities.
- Relax, listen to music and/or get a massage.

## Final note

Do not hesitate to seek professional help when you feel stuck or cannot deal with the loss alone. Grief therapy can help provide insights into where the anger and sadness reside within you and initiate processing. Consider consulting a mental health professional to help you navigate your way through this difficult time. It is an investment for now and for the longer term.

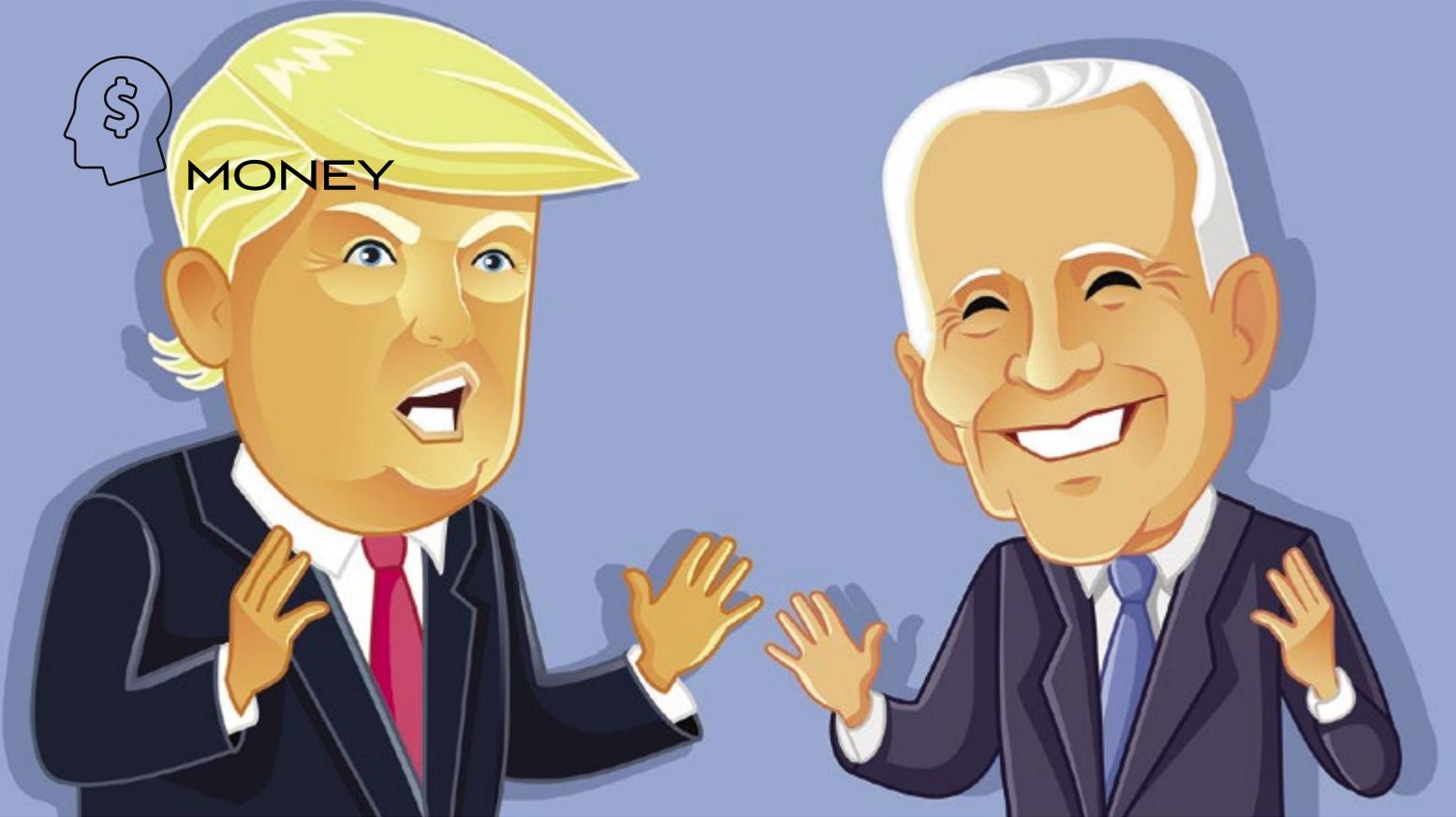


## About the Author

**Reini Thijssen** is a Dutch certified life coach and avid traveler. [Read More...](#)



MONEY



# Making Financial Sense

Election, Stock Concentration and Gold – Oh My!!!

WRITTEN BY: JAMES C. KNAPP, AIF®, BFA™, CPFA®

**F**rom a global pandemic to the fastest bear market and one of the greatest stock rebounds in history, 2020 has been both historic and devastating in many ways. Considering the magnitude of current events, it is easy to forget 2020 is also an election year. As we inch closer to the highly anticipated vote, we can expect more focus to move to November 3.

Rather than trying to predict future market movements, investors should focus on risk. For investors, understanding investment risk is a vital concept as it is a function of loss.

For example, the more portfolio risk that is taken, the greater the loss potential may be when markets decline. We tackle this phenomenon by applying educated

assumptions in an attempt to avoid catastrophic damage over time. This is in the same vein of virtually every professional field; e.g. a surgeon speaking to probabilities, not certainties. These potential outcomes are based on historical data and events, statistics, trends, sentiment, etc., in an effort to control portfolio risk and to avoid permanent loss of capital.

History shows that stock market movements could be one of the best indicators of election results. One data point to consider is when stocks gained for the three months preceding the election, the incumbent party tended to win and vice versa when stocks declined.

As an example, there weren't many who thought Hillary Clinton would lose in 2016. Though, the stock market did, as stock performance was weak before the election.

There may be many reasons for this relationship. I believe that Wall Street can sense change is coming, which leads to uncertainty over what new leadership may look like. Accordingly, investors tend to sell. When markets feel comfortable with an incumbent party victory, investors may feel they know what to expect based on the previous four years.

In fact, stocks have accurately predicted election results every year since 1984 and have been precise 20 out of 23 of the last elections (87%).

## Stocks Can Predict Who Will Win In November

### S&P 500 Index Returns Three Months Before The Presidential Election

Election Day	President	S&P 500 Return	Incumbent Party	Stock Market Right?
11/6/1928	Herbert Hoover (Rep)	13.6%	Won	Yes
11/8/1932	Franklin Roosevelt (Dem)	-2.6%	Lost	Yes
11/3/1936	Franklin Roosevelt (Dem)	7.9%	Won	Yes
11/5/1940	Franklin Roosevelt (Dem)	9.7%	Won	Yes
11/7/1944	Franklin Roosevelt (Dem)	2.3%	Won	Yes
11/2/1948	Harry Truman (Dem)	5.4%	Won	Yes
11/4/1952	Dwight D. Eisenhower (Rep)	-3.3%	Lost	Yes
11/6/1956	Dwight D. Eisenhower (Rep)	-3.2%	Won	No
11/8/1960	John F. Kennedy (Dem)	-1.3%	Lost	Yes
11/3/1964	Lyndon Johnson (Dem)	3.9%	Won	Yes
11/5/1968	Richard Nixon (Rep)	6.0%	Lost	No
11/7/1972	Richard Nixon (Rep)	3.0%	Won	Yes
11/2/1976	Jimmy Carter (Dem)	-1.0%	Lost	Yes
11/4/1980	Ronald Reagan (Rep)	6.9%	Lost	No
11/6/1984	Ronald Reagan (Rep)	3.6%	Won	Yes
11/8/1988	George H.W. Bush (Rep)	2.8%	Won	Yes
11/3/1992	Bill Clinton (Dem)	-0.4%	Lost	Yes
11/5/1996	Bill Clinton (Dem)	6.7%	Won	Yes
11/7/2000	George W. Bush (Rep)	-3.4%	Lost	Yes
11/2/2004	George W. Bush (Rep)	2.8%	Won	Yes
11/4/2008	Barack Obama (Dem)	-24.8%	Lost	Yes
11/6/2012	Barack Obama (Dem)	1.9%	Won	Yes
11/8/2016	Donald Trump (Rep)	-2.3%	Lost	Yes
11/3/2020	Donald Trump (Rep)	?	?	?
Years Right				20
Total Years				23

Source: LPL Research, FactSet 08/02/2020 (1928 - Current)

All indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

The modern design of the S&P 500 index was first launched in 2007. Performance before then incorporates the performance of its predecessor index, the S&P 500.

## Concentration

Apple, Microsoft, Amazon, Google and Facebook have helped spawn a number of acronyms as they try to capture the rise of mega-cap tech stocks that have led the market higher for much of the decade. The average return for these five stocks to date this year has been a gain of more than 30%, while the broad S&P 500 Index is just marginally positive, at 0.4% through July 30, 2020.

While many other areas of the market have remained largely static, the total market value of these stocks has dramatically increased, making them an increasingly larger piece of market cap-weighted indexes such as the S&P 500. As seen in the chart below, the combined weight of the top five stocks in the S&P 500 has increased to its highest level ever, at nearly 22%. Only one of those five

stocks (Microsoft) was a top five name in the index during the previous peak of March 2000.

Do you believe this may pose a risk to the index? Whether you do or not, I believe you need to prepare for this possibility. There are many ways to work toward

mitigating these risks.

If you don't have or are not confident in your risk management strategy, we would be honored to help educate you on possible ways to do so.

### Concentration Risk?

Combined Weight of the Top 5 Stocks in the S&P 500 at Highest Level Ever



Source: LPL Research, Strategas Research Partners, 07/30/20  
All indexes are unmanaged and cannot be invested into directly  
Past performance is no guarantee of future results.  
The economic forecasts may not develop as predicted.

### Time for gold to shine?

2020 is the first year since 1979 to have both gold and the S&P 500 make new highs during the calendar year. The last time this occurred in 1980, gold added another 17% and the S&P 500 was up 26%. It is widely believed that stronger gold likely means something is wrong in the markets and investors are more defensive, but it may not be that simple.

The U.S. dollar and gold were linked until 1971 when President Richard Nixon ended dollar convertibility to

gold, however, since then, both gold and stocks have been higher 23 out of 49 years. Incredibly, in 12 of those 23 years, both assets were up at least 10%. 2019 was the last year gold and stocks rose over 10% simultaneously. This data suggest that gold and stocks can trend higher together, and it isn't always a bearish development to see gold strong.

There can be many reasons to invest in gold. Gold based for seven years and broke out late last year,

# Gold Breaks Out to All-Time Highs

The Longer the Base, the Further in Space



Source: LPL Research, Bloomberg, 7/28/20

All indexes are unmanaged and cannot be invested in directly.

Past performance is no guarantee of future results.

The economic forecasts may not develop as predicted.

ushering in the new highs we are currently seeing.

There's an old technical saying that "the longer the base, the further in space," and this played out quite well as illustrated by the chart below. Gold based for years before it surged higher. Technically, gold still looks like it will continue to do well, while fundamentally there are still tailwinds.

Investors have mentioned that it seems like there is an enormous volume of ever-changing data to consider. I believe what investors need is insight and context, which can be applied to your risk management process as it pertains to your specific family situation. This all works toward preserving your capital and avoiding large unrecoverable losses leading to the benefits of compounding returns.



## About the Author



**James C. Knapp** founded Knapp Advisory Group to help professionals and retirees make informed decisions with their financial affairs. [Read More...](#)

The Knapp Advisory Group is here to be your resource in your quest for financial independence. Contact us at 314-323-7094 or 913-544-1509 or via email at [JAMES.KNAPP@KNAPPADVISORY.COM](mailto:JAMES.KNAPP@KNAPPADVISORY.COM).

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The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries

The Federal Reserve Federal Funds Rates (Fed Funds) is the weighted average interest rate at which banks lend each other funds held at the Federal Reserve.

The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors.



# Outflow Boundaries

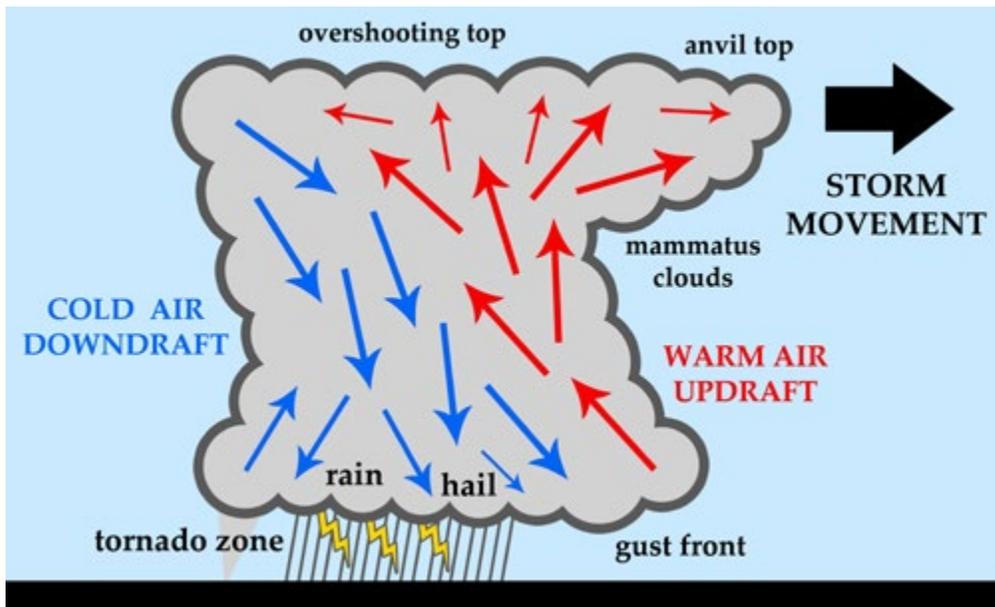
Maybe not surprisingly, this is about yet another thunderstorm related phenomenon – outflow boundaries.

WRITTEN BY: ANTHONY LORENTI

**A**n outflow boundary is also known as a “gust front.” No doubt, each of us knows the importance of recognizing a gust front and have all seen one while on the ground watching that windsock in utter amazement! A gust front is a sudden uptick in winds resulting from an approaching thunderstorm. But there is more. This uptick in winds, from the general direction of an approaching thunderstorm, is the result of a downdraft hitting the ground and spreading out horizontally. Recall that this alone can be extremely hazardous to aircraft operations. Still, there is even more!

At times, if a gust front has enough energy or momentum, it can march on for quite some time and distance. Since energy does not just go away and wind is energy, it dissipates but turns into something else. Occasionally, the gust front lasts long enough interacting

with the environmental (moisture, frontal boundaries, temperature gradients, etc.) and geographic conditions in such a way that it contributes to the formation of clouds, rain and possibly additional storms.



## WHAT DO YOU SEE?

Prominent outflow boundaries are often visible in two ways, satellite and radar imagery, affording the astute pilot opportunity to make informed pre-flight and in-flight decisions. Learn to recognize them and know what is behind them can be benefit you as a pilot. These outflows can be a breeding ground for new weather formation that can occur just a short time after the outflow was born – several hours later or even a day later. In a very real way, outflow boundaries set the stage for where severe weather might develop next. Be aware that these are mesoscale and not synoptic events. Rarely will you find them on a chart. You must look elsewhere.

Often, radar imagery will show green echoes in arc form ahead of a larger area of precipitation. You are not going to be impressed by the intensity of the echoes (dBZ) of the outflow radar return enough to circumnavigate, but this can be a warning. You might be impressed by the magnitude of the winds present in the vicinity of this outflow radar return while you take off (or land), as well as the flare-up of new thunderstorm activity in the area. This is your evidence of why you see increased convective weather.

In addition to radar, satellite imagery can also cue you to the existence of an outflow boundary. Look for one or

more bands, sometimes in arc form, of clouds (primarily cumulus) that have formed out ahead of more formidable weather. This could be your next hot spot.

## A MORE THOROUGH PRE-FLIGHT

I don't suggest that you steer away from these phenomena while in flight but want you to be aware of their potential for danger, primarily before you take flight. Outflow boundaries can be hazardous in two ways despite being benign-looking areas of precipitation. Once you can recognize them you can see that they could represent strong surface winds and a birthing area for new convection.

With every flight you take, you have the opportunity to see what you are getting into – the weather briefing. Use your knowledge to be proactive in various circumstances and become savvy enough to look for hazards and use the right tools to find them. Your radar and satellite images are your allies.



### About the Author

**Anthony Lorenti** is an ATP, CFI, Fire Fighter and EMT with a Bachelors degree in Business Management. [Read More...](#)



# A Case for Continuing your Education

A tool to help place yourself into the best possible scenario for the future

WRITTEN BY: SERGIO SOVERO

**P**rofessional pilots are always thinking about all the possible scenarios, including the worst ones. We learned to do so in the earliest stages of our training.

We love what we do. It's what we always dreamed of doing. But how much control do we really have over what we do? Every year, we are subject to a flight physical by the FAA in order to keep our airman privileges. We get nervous. We envision the worse possible scenario – losing our medical. The odds are in our favor as the FAA, over the years, has allowed a number of medical conditions to be included. However, what about an economic downturn leading to a furlough? Another scenario outside our control.

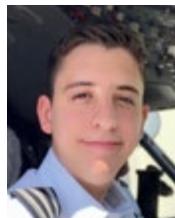
If such dreaded days were to take place and we are faced with the uncertainty of losing our medical or being furloughed, what options do we have? Thankfully, multiple. There are great disability programs in place by both regional and major carriers if losing your medical were to occur. In addition, Air Line Pilots Association (ALPA) offers elective add-on programs to cover the loss of a medical certificate.

I am convinced however, that continuing one's education is key. Regardless of the situation, continuing on to obtain a master's degree can be hugely beneficial. A graduate degree makes you more competitive to assume a management role at your airline, for example. Most management roles, such as vice president of flight operations or director of training, require a master's degree. If you have a passion for teaching, becoming a professor at an aviation university is another rewarding opportunity where a master's degree is a minimum requirement. Another is working with the FAA as a safety inspector. This career offers a great number of benefits with a well-defined schedule and opportunities provided

to you as a government employee. Although a master's is not required here, it certainly would help during the selection process.

We probably don't think about the worst possible scenarios enough, particularly when things are going well. Being prepared is fundamental. Have a Plan B, even a Plan C. Actively look for options to diversify your investment portfolio and further your education to place yourself in the best possible shape for both you and your family's future. Especially when we are young, it's hard to face going back to college, but many online programs make it extremely convenient. Financially, most graduate online programs are affordable, while government loans are also provided with low interest rates. (Complete the Free Application for Federal Student Aid [FAFSA] just as you did when you were an undergraduate.) Even with the hectic schedule of an airline pilot, you can work on your online classes at your own pace.

Being a professional means gathering as many tools as possible for success. Continuing education is just another tool. A master's degree will set you apart, open new doors in your field, and even provide opportunities that would otherwise be out of reach. There is no more powerful tool than education and while this statement might not be so -evident when the ride is smooth, it will certainly pay off during any turbulence ahead.



## About the Author



**Sergio Sovero** is a First Officer for a US major airline, Gold Seal CFI, AGI, IGI and currently pursuing his MBA in Aviation. [Read More...](#)

# How to Weather Industry Downturns

## Navigating an Airline Pilot Career through the Storms

WRITTEN BY: MARC HIMELHOCH

One of the things that has surprised me about Part 121 flying versus Air Force flying is how often we “push” the weather. The inside joke in the industry goes something like this: The first officer asks the captain, “Have you had a chance to look over the destination weather yet?” To which the captain replies, “It doesn’t matter, we’re going.” That joke is not too far from the truth. Flight planning in the airlines is designed to provide multiple contingency options as the impact to the safety of a flight increase owed to the likelihood of various threats.

During the spring and summer in the normal course of doing our job, we often find ourselves picking our way between thunderstorms in the terminal environment. However, we don't just kick the tires and light the fires with a carefree, "come what may" attitude. Instead, we mitigate the risks through several layers of safeguards to ensure we don't take unnecessary risks that could compromise safety.

For instance, we have regulations that require filing an alternate if adverse weather is forecast at the destination. We have the option to add additional "contingency" fuel for holding or diverting if we think that may be needed. We have radar to see the weather picture hundreds of miles out in front of us and multiple ways to get real-time information about enroute, destination, and alternate airport weather in case we need to divert. In other words,

we hope for the best, but we plan for the worst, always leaving ourselves a way out so that we have multiple options along the way (e.g. hold, divert, go-around, etc.).

Planning an airline pilot career is much like the scenario described above. If history is an indicator (and it should be), every airline pilot will likely see turbulent times if they stick around long enough. The airline industry typically operates on razor thin margins. Shocks to the economy always have adverse affects on the airline industry wherein recovery can take many years to depending on how severe the shock wave. In the past 20 years, the airlines have seen three major downturns. The first was in the wake of the September 11, 2001 terrorist attacks. Many airlines furloughed 20% or more of their pilot force due to a sharp drop in demand after 9/11.



DEPARTURES					17:21
TIME	DESTINATION	GATE	FLIGHT	REMARKS	
17:30	Hong Kong	A 31	CH 0526	Cancelled	
17:35	London	B 7	GB 105	Delayed	
17:40	Paris	C 14	FR 205	Cancelled	
17:45	New York	B 22	US 5773	Cancelled	
17:50	Rome	C 18	IT 209	Cancelled	
17:50	Frankfurt	C 4	DE 302	Delayed	
17:55	Amsterdam	C 3	NL 25	Cancelled	
18:00	Buenos Aires	B 29	US 5581	Cancelled	
18:00	Geneve	C 9	SU 708	Cancelled	
18:05	Moscow	A 13	RU 824	Cancelled	
18:10	Melbourne	A 27	AU 948	Cancelled	
18:10	Barcelona	C 5	ES 376	Cancelled	
18:15	Mumbai	A 34	IA 571	Cancelled	
18:20	Shanghai	B 38	CH 0913	Cancelled	
18:25	Prague	C 11	CZ 213	Cancelled	
18:25	Sydney	A 28	AU 5460	Cancelled	

The second occurred during the 2008 recession brought on by the financial collapse of the U.S. mortgage and banking industries. The great recession also caused deep furloughs at most major airlines in addition to a wave of consolidations as a number of many major airlines declared bankruptcy. And, airlines bought by other airlines.

We are currently living through the third industry downturn of the past twenty years – a global pandemic. This is without a doubt, the most severe downturn to hit the airline industry in the history of the airline business. In late March through early April of 2020, passenger demand dropped over 90% from the previous year as state and federal governments imposed shelter-in-place orders and travel bans. Passenger demand showed slow but steady signs of recovery during May and June this year but as this coronavirus makes a resurgence, bookings into late summer and fall are once again showing signs of weak

demand, reversing the gains of the previous months.

Knowing what scenarios could play out during an industry downturn helps you develop a plan to weather the storm. The worst-case scenario would be that your airline declares Chapter 11 bankruptcy. I've heard horror stories from legacy airline pilots who literally lost millions of dollars in pensions and profit sharing when their previous airline folded. Yikes!

Then there's the "F" word at the airlines...furlough! For those who are just starting to look towards a future career as an airline pilot, I will elaborate just a little bit on what that word means. Furloughs are based on seniority, so it's the bottom XX%

of the seniority list that is furloughed. In recent weeks, the legacy airlines have discussed furloughs of between 15-20% of their pilot force. When you are furloughed, you don't technically lose your job, just its paycheck. You will continue to accrue seniority while furloughed (you keep your line number) with the understanding that before the company can hire any new pilots off the street, first they have to go down the furlough list in seniority order and offer to bring those pilots back into active flying status. Historically, once you get below 75% system seniority (100% being the most junior pilot) you were considered "furlough-proof", meaning that no airline ever furloughed deeper than 25% of their pilots, but this pandemic may reset that bar a little higher depending on how long this lasts.

Hopefully, things don't get that bad at your airline but there are plenty of other "no-fun" options that could happen and are already happening at major airlines. One

of those is called displacements. When an airline decides to downsize their fleet in response to a reduction in passenger demand, they first decide what type of aircraft to sell, or retire early. So where do all those pilots go when their aircraft are no longer flying? Well, you've probably heard the expression, \$h-\* rolls downhill. This is where seniority comes into play and one of myriad reasons it's so important.

Displacements will force a system bid for new aircraft and domiciles. As an example, a wide-body captain based in Atlanta may lose his aircraft and be unable to hold wide-body captain in another aircraft. His choice is to accept wide-body first officer in New York or narrow-body captain in Atlanta. He chooses the narrow-body captain in Atlanta. That bumps some other poor schlub out of his seat and so it goes until some junior FO gets bumped to no aircraft assignment (they call that "overstaffed" ... I call it "You're \$h-\* out of luck"). Generally, that will translate into a furlough unless conditions rapidly improve.

The consequences of displacement can have serious negative impact upon your finances, quality of life, and job security, if your junior. The captain, in our example above, will be on a lower pay scale in his new narrow-body airframe than he had in his displaced wide body. Many junior narrow-body captains will get displaced to first officer positions (a much lower pay scale). Some pilots will be forced out of their current domicile ... Congrats, you're a commuter now, if you weren't already. But, nobody has it as bad as the new hires who likely will be furloughed in these displacement scenarios. Now you can see why I call this a "no-fun" option.

Displacements and furloughs are expensive to an airline due to costs and resources wasted on retraining all those pilots, so airline management will usually try to avoid them if possible. One of the other options for the airline management is to request contract concessions from the pilot union as an alternative to displacements and/or furloughs. Basically, the airline will present an offer



# WHAT'S YOUR PLAN

to reduce hourly wages, minimum monthly guarantee, and/or other benefits such as 401K and profit-sharing contributions. (See the Cockpit to Cockpit blog on work rules and rigs.) The pilot group will either vote to accept the concessions to avoid furloughs for a predefined period of time, or they will turn down the offer, risking pilot furloughs in the near future.

None of this sounds like much fun, huh? It isn't. So how do you navigate an airline pilot career through this kind of turbulence?

Much like Part 121 flight planning, you need to give yourself plenty of options to mitigate risk. The first thing you should do is acknowledge the risks associated with this career path. The downturns are going to happen, so a prudent pilot will plan ahead while times are good to prepare for when they will be bad. Part of that happens when you first choose the airline you want to work for. Another large part of that includes living within your means as a way to provide some shock absorbers to an already unstable industry.

Knowing that industry downturns just come with the territory, you might want to factor that into where you submit an application. Right now, the cargo hauling

airlines are looking like the safest bet because they are not impacted by a lack of passenger demand and, in the age of COVID-19, there are more boxes flying than ever before. But maybe long-haul international, or flying on the backside of the clock isn't your thing?

In that case, I recommend you look at an airline's financials and pilot furlough history when rank ordering your top airline choices. These translate into job security. I'm not saying this needs to be your number-one most important deciding factor but it should certainly be something you consider. The Cockpit to Cockpit Support Package includes an airline comparison spreadsheet that allows you to weigh and rank airline choice factors based on what's most important to you and your family, resulting in a subjective score for each airline you are considering.

A good indicator of an airline's financial health is their debt to equity ratio. A debt to equity ratio of 0.5 indicates that for every dollar of debt, the company has two dollars of cash on hand. Anything over a 1.0 indicates the company has more debt than cash. You can find an airline's debt to equity ratio pretty easily by looking on any stock trading/research website. Type in the stock symbol and look at the expanded data for that stock. Some of the more common

airline stock symbols include Hawaiian (HA), Alaska (ALK), JetBlue (JBLU), United (UAL), Delta (DAL), American (AAL), and Southwest (LUV).

Pilot furlough history is another indicator of job security but I'll qualify that by saying no one is immune, especially in this current global pandemic. Even Southwest Airlines, that proudly claims that they have never furloughed in their 49-year history, has recently stated that passenger demand will need to triple to avoid furloughs. Some legacy airlines have already sent out furlough warning notices in recent weeks.

As you look at various airlines debt to equity ratios you will probably scoff at the way some of the airlines seem way out of balance with too much debt. But think about your personal finances. How's your debt to equity ratio?

Probably the single most effective strategy for weathering the storm of an airline industry downturn is to live on a line-guarantee budget. If you always plan for

the bare minimum income scenario, you should be able to sock away a very healthy amount for a rainy day (and we've already shown that there is a forecast for "rain" at some point during your career). Luckily for you, there is an amazing resource written specifically on how to retire early as a pilot that will give you an in-depth savings plan. It's a book titled Pilot Math Treasure Bath written by Jason Depew. Jason is also a staff writer for The Pilot Network and something of a personal finance whiz kid. I highly recommend it.

As you're looking at your budget, it's not a bad idea to build a couple of contingency budgets for various airline industry downturn scenarios. Specifically, I recommend you build a reduced-pay scenario (concessions or displacement) budget and a worst case (furlough) budget. I was amazed at all the ways I could cut frivolous spending if I had too. (OMG, I might have to mow my own lawn!!) Jason's book will greatly help with this exercise.

Another great way to save some money in our current





financial market is to consider refinancing your mortgage. Interest rates are at historic lows right now. I recently refinanced into a VA stream-line 30-year fixed mortgage rate of 2.25% that cut over \$500 off my monthly mortgage payment. However, there is no such thing as a free lunch. The cost of refinancing is in the closing costs. Most lenders are also offering generous lender credits to offset some of those costs. My lender gave me almost \$5000 in lender credit. Depending on your situation, lenders may wrap closing costs into the loan amount, so you won't have many out-of-pocket expenses at closing.

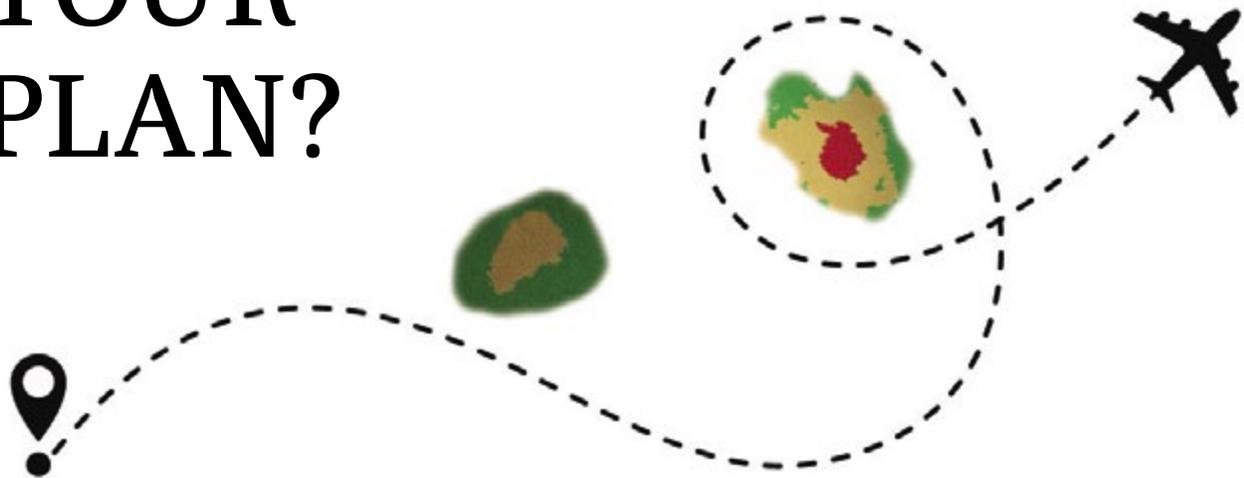
Lastly, you need to consider that someday you may find yourself, through no fault of your own, having to apply to other airlines or aviation jobs. For that reason, it's a good idea (even when times are good) to keep your logbook and résumé current. That includes staying active in leadership, education, and volunteer activities that set you apart from your peers. (You won't be the only one looking for a new aviation job.) As mentioned earlier,

Part 121 cargo carriers are doing well in this pandemic downturn. Most are still hiring. If you are in that unlucky group who received a furlough warning, it's something you might consider if you haven't already.

If you are furloughed, hopefully it won't last too long. However, just like our flight planning example, it's always good to hope for the best but plan for the worst. Just for perspective, United Airlines and Continental Airlines both furloughed pilots in 2008. In 2010 the two companies merged and kept the United Airlines name. Those pilot's furloughed in '08-'09 didn't start getting recalled until roughly 2010 and the most junior United furloughed pilot wasn't recalled until 2013. Some pilots had taken jobs at other airlines by the time they were recalled at United but chose to stay with their new airline. Most major airlines followed a similar timeline.

In my book, *Cockpit to Cockpit*, I repeatedly emphasize that getting a job is a full-time job. It takes a lot of time and effort. Anyone facing a furlough knows that because

# WHAT'S YOUR PLAN?



they have been through the process. Better to start now and not need it, than the other way around. If you're about to start the agonizing process again, first, I'm sorry, but second, it might be time to dust off that copy of Cockpit to Cockpit and give it another read. For all these reasons, you might need to keep your interview skills and records sharp.

For those of you who had been planning to apply to the airlines in the next few years, this hiring freeze could actually be a blessing. There will be that many fewer pilots being hired in front of you while you finish your active duty time or build your hours ... a bonus to your future seniority.

To recap, historically, the airline industry has seen its share of downturns, on average about every 10-15 years. However, with a little pre-planning, you can safely navigate

your way through these storms and still enjoy a lucrative flying career. Learning to live on a line-guarantee budget is a big part of that pre-planning. Having a few contingency budgets ready for those bad times will also ease your stress burden, knowing you have already planned for these bad times. Have faith fellow aviators, this too shall pass ... vaccines happen! Let us hope sooner, rather than later.



## About the Author

**LT COL Marc Himelhoch**, USAF (Ret), is a Southwest Airlines pilot with over 5,000 hours of flight time. He graduated with honors from ERAU in Daytona Beach, Florida, earning a masters degree in aeronautical science. [Read More...](#)



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