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## ILS Decision Sequencing System™

### Veteran Airline Pilot Checklist Framework

Financial planning for airline pilots involves structural considerations that differ from many other professions. Airline seniority systems, FAA medical certification requirements, and (for many veterans) military retirement and VA disability benefits create overlapping decision layers (BLS, 2023; FAA, 2023a; VA, 2023).

The ILS Decision Sequencing System™ is a structured planning checklist designed to evaluate those layers in a deliberate order.

This framework is educational in nature and does not guarantee outcomes.

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## Phase I: Establish the Income Floor

Objective: Identify stable income sources that are not dependent on ongoing airline employment.

### Identify Durable Income Sources

- Military retired pay (if applicable)
- VA disability compensation (if applicable)
- Spousal income
- Rental or other contractual income

For each source, confirm:

- Tax treatment
- Inflation adjustments
- Survivorship provisions
- Dependency on medical certification

References: DFAS (2023); VA (2023); IRS (2023)

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## Calculate Baseline Household Expenses

- Essential living expenses
- Fixed debt obligations
- Healthcare coverage costs
- Education or dependent obligations

The income floor represents income sources reasonably expected to persist independent of airline employment.

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## Phase II: Map Lifetime Benefit Streams

Objective: Coordinate airline, military, and federal systems.

### Airline Compensation Structure

- Base pay
- Profit sharing
- Employer retirement contributions
- Contractual retirement age

Airline compensation and advancement are typically governed by seniority (BLS, 2023).

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### FAA Medical Certification Requirements

- Current First-Class Medical status
- Renewal schedule
- Known health considerations
- Available disability coverage

Maintaining medical certification is required for airline transport privileges (FAA, 2023a; 14 C.F.R. Part 67).

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## Military and VA Coordination (If Applicable)

- Retirement eligibility status
- Survivor Benefit Plan (SBP) elections
- VA disability rating classification
- Concurrent receipt considerations

References: DFAS (2023); VA (2023)

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## Phase III: Pressure-Test Irreversible Decisions

Objective: Identify decisions that cannot easily be reversed.

### Military Timing Decisions

- Leaving service before retirement eligibility
- Continuing in the reserves vs resigning commission
- SBP elections at retirement

### Career Path Decisions

- Upgrade timing (FO vs Captain)
- Domicile changes
- Aircraft transitions

### Asset Commitment Decisions

- Illiquid private investments
- Concentrated equity exposure
- Early retirement elections

For each decision, determine whether it is:

- Reversible
- Time-limited
- Effectively irreversible

Evaluating these characteristics before commitment may reduce unintended long-term consequences.

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## Phase IV: Sequence Tax Buckets

Objective: Coordinate account types and tax timing.

### Retirement Account Strategy

- Traditional 401(k) vs Roth 401(k) allocation
- Backdoor Roth IRA eligibility
- Roth conversion windows
- HSA optimization

### Asset Location Review

- Tax-advantaged vs taxable account placement
- Capital gain realization timing
- State domicile considerations

Tax laws are subject to change and individual outcomes vary (IRS, 2023).

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## Phase V: Contain Fragility

Objective: Evaluate exposure to medical and career interruption.

### Liquidity Assessment

- Emergency reserve relative to fixed expenses
- Coverage for temporary grounding
- Short-term fixed income allocation

Liquidity can provide flexibility if a medical or employment interruption affects income continuity.

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## Risk Budget Alignment

- Age and career stage
- Seniority volatility
- Pension presence or absence
- Household dependency on airline income

Allocation decisions are evaluated in light of these structural variables.

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## Phase VI: Optimize Return

Objective: Address portfolio construction only after structural factors are evaluated.

## Strategic Allocation Review

- Long-term equity exposure
- Defensive fixed income
- Diversification across asset classes
- Rebalancing discipline

Investment strategy is designed within the constraints established in prior phases.

Past performance does not guarantee future results.

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## Educational Nature of This Framework

The ILS Decision Sequencing System™ is a structured analytical framework.

It is not a prediction model, guarantee of performance, or assurance of income continuity.

All recommendations must be tailored to individual circumstances.

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