

 *fly*exclusive

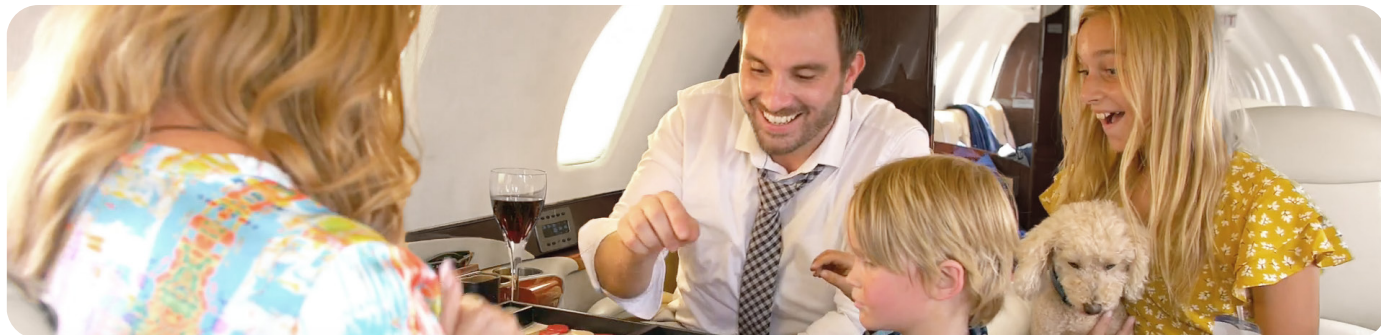


Buying time

The promise & pitfalls of flying privately

Private aviation offers unparalleled advantages, including significant time savings, enhanced convenience, and tailored experiences. However, the complexity and multitude of options available can make navigating the private aviation landscape overwhelming. This white paper aims to provide a comprehensive guide to help individuals and businesses make informed decisions by understanding the time-saving benefits of private aviation, exploring the various options available, and equipping readers with the key questions to ask when evaluating each option. Additionally, we will examine the pros and cons of each option, empowering readers to unlock the remarkable advantages it offers. By the end you will have the knowledge and insights necessary to make well-informed choices and optimize your private aviation experience.

It is all about time.



Time is money

Unleashing the power of private flying

In this fast-paced world of business and leisure, time is the ultimate currency. The ability to maximize productivity and minimize travel time is essential. Private flying emerges as a perfect solution by offering convenience, flexibility, and efficiency.

Examples

1. On-demand scheduling: Private aviation allows you to schedule flights according to your specific needs and preferences. Unlike commercial flights that operate on fixed timetables, private flights offer flexibility in departure times, allowing you to optimize your schedule and avoid potential conflicts or delays.
2. No long queues: When opting for private aviation, you can bypass the long security lines and crowded terminals commonly experienced at commercial airports. This saves you valuable time, allowing for a more efficient and stress-free travel experience.

3. Access to remote locations: Private aviation grants you access to remote locations that are not serviced by commercial airlines. This eliminates the need for connecting flights or alternative transportation methods, providing direct and convenient access to your desired destinations, whether they are secluded resorts, private estates, or remote business locations.
4. Customized services: Private aviation offers the opportunity to personalize your in-flight experience according to your preferences. From selecting your preferred catering options to configuring the cabin layout to suit your comfort and needs, private aviation allows for tailored services that enhance your overall travel experience and ensure maximum satisfaction.

It is very expensive, with lots of options.

Navigating the maze

Private aviation options decoded

Private flying offers immense benefits but entering this space can be daunting. The plethora of options, associated costs, and the presence of unscrupulous operators complicates the decision-making process.

Examples

1. The range of private aviation options, including charter, jet cards, fractional ownership, full ownership, and aircraft management, can be overwhelming. Selecting the right option requires careful consideration of factors such as upfront costs, operational responsibilities, and desired flexibility, to align with individual or business needs effectively.
2. Costs associated with private flying can vary significantly based on the chosen option. Whether it's pay-as-you-go, fixed fees with flight hour credits, cost sharing, or full cost responsibility, understanding these cost variations is crucial for establishing long-term financial sustainability within the private aviation industry. By comprehending and budgeting for these costs, individuals and businesses can make informed decisions and ensure financial stability in private aviation.
3. Unscrupulous operators in private aviation pose risks to trust and safety. Through research and vetting of potential partners are necessary to mitigate these risks. By implementing due diligence measures, such as verifying credentials, assessing reputation, and reviewing safety records, individuals can establish a solid foundation of trust and confidence. This ensures a secure and enjoyable private flying experience with reliable and reputable operators committed to safety.

Unlocking success

Key questions for an informed decision

When navigating the complexity of private aviation, it's critical to ask yourself the following key questions. Keep these in mind as you follow each of the topics below.

Who is standing behind the safety of my flight?

- Owned and operated vs. "Uber for Jets": Consider the level of control and oversight provided by owned and operated private aviation companies compared to "uber for jets" platforms that connect you with various operators. Owned and operated companies often have stringent safety standards and maintain their own fleet of aircraft.
- Safety Ratings: Look for private aviation partners with strong safety ratings and certifications such as ARGUS Platinum, Wyvern Wingman, or IS-BAO (International Standard for Business Aircraft Operations) to ensure a high level of safety.

Where do I fly?

- Local operators may provide more convenient and personalized service, especially for short hops or flights within a specific region.
- Floating fleets offered by certain private aviation companies allow access to multiple aircraft in different locations, increasing flexibility for travel.

How often do I fly?

- Most operators use your current flying habits to inform which option is best for you. This is typically measured in flight hours per year. The groups below can be used as a guide and isn't necessarily set in stone.
- Fly less (0-25 hours per year), charter may be the right fit, allowing flexibility without commitments.
- Moderate flying (26-50 hours per year), Jet Cards/Clubs offer fixed rates with additional benefits typically ideal for this range.
- If you fly frequently (50+ hours per year), explore private aviation programs that offer discounts for volume flying or fixed rates. Fractional and full ownership options are usually suggested for these flyers.
- Frequency coincides with availability. Many operators may limit availability based on which option you choose. So be mindful if your flying requires a "must fly" scenario and pick an option where you're guaranteed availability.



How many people do I fly with?

- Private aviation categorizes aircraft into classes based on size and passenger capacity.
- Light jets: accommodate a smaller number of passengers (typically up to 6).
- Midsize jets: can seat more passengers (up to 9).
- Super-mid jets: offer increased space and seating (up to 12).
- Heavy jets: provide ample room for larger groups (12 or more).
- If you fly with varying amounts of people, it might be effective to fly different types of aircraft depending on each trip. You'll want to ensure whichever option you select has the flexibility to support each trip.
- Aircraft not only vary in capacity, but also in range. So, if your trips vary in distance, you'll want to consider options with access to multiple aircraft ranges.

What is my budget?

- Cost varies significantly between private aviation options. Be mindful of your budget and fully understand program details and fees before diving in.
- The options are grouped into a few categories: hourly rates with no commitment, membership fee with fixed rates, or full aircraft cost.
- Fly less? Consider the higher hourly rates of Charter that don't require up-front costs.
- If you fly more, it might be more financially smart to pay a membership up-front (can vary but roughly \$50k-\$500k) but come with fixed or reduced hourly rates.
- Fractional allows for "owner-like" benefits but at a fraction of the aircraft cost. Usually between 1/16th and 1/2 of aircraft cost.
- Full ownership gives you absolute control. But, keep in mind a private jet can run from \$2 million to over \$100 million.

Do I want to invest?

- Ownership options offer potential tax benefits, bonus depreciation, and potential profitability.
- Buying or leasing a plane to an operator: allowing you to earn income through charter operations.
- Aircraft management services: provide professional oversight of your privately-owned aircraft.
- Fractional ownership: allows you to purchase a share of an aircraft, sharing costs with other owners and enjoying access to the aircraft based on your ownership percentage.
- If you're not comfortable with ownership responsibilities, look into charter and Jet Cards/Jet Clubs as they have zero ownership.
- If you are comfortable with ownership, Fractional and full ownership are possible investments with ownership costs.



Chartering through a broker

VIP service

Chartering through a broker is a popular option for those who do not want the hassle of owning a private jet or committing to a long-term agreement. Charter brokers can offer access to a wide range of aircraft from different operators, allowing customers to choose the right aircraft for their needs.

Anywhere, anytime

One of the advantages of chartering through a broker is the flexibility it offers. Customers can choose the type of aircraft they want, the departure and arrival times, and the destination. Charter brokers also handle all aspects of the flight, including logistics, catering, and ground transportation, making it a hassle-free experience for the customer.

The downside

However, there are also disadvantages to chartering through a broker. The cost of chartering can be high, and customers may not always be able to get the aircraft they want, especially during peak travel times. Additionally, customers may not be able to build a relationship with a specific operator or crew, which can impact the level of service they receive.

Key questions

On top of the key questions stated above, consider these questions when choosing a charter operator for your flight:

What is your safety record and ARGUS rating?

- Safety is of the utmost importance when it comes to private aviation.
- You should ask about the company's safety record and whether they have a third-party safety rating from organizations such as ARGUS, Wyvern, or ISBAO. These organizations conduct safety audits on private jet companies and provide ratings based on their findings.
- An ARGUS Platinum rating is the highest safety rating a company can receive, indicating that they meet the highest standards of safety in the industry.



Do you own your own aircraft or lease them from other companies?

- Some charter brokers own their own aircraft, while others lease them from other companies.
- You should ask about the ownership structure of the company's fleet to ensure that they have control over the maintenance and upkeep of their aircraft.
- Companies that own their own aircraft may also be able to offer more flexibility in terms of customization and scheduling.

How do you ensure reliability in your service?

- Reliability is important when it comes to private aviation, as delays and cancellations can be costly and inconvenient.
- You should ask about the company's procedures for ensuring reliability, such as their maintenance program and backup aircraft availability.

How much of a margin do you charge?

- Charter brokers typically charge a markup on the cost of the charter, which is their profit margin.
- You should ask about the company's pricing structure and how much of a margin they charge.
- Some brokers may be more transparent about their pricing, while others may have hidden fees and markups.

What costs can I expect?

- Hourly rates are typically higher for charter flights. You could expect anywhere from \$15k to \$300k for a single flight.
- Prices vary based on aircraft type, location, date and time of departure, distance, availability, and broker fees.
- No commitments, you are only responsible for the individual flight which may incur cancellation fees if you cancel.

Can I choose the type of aircraft and amenities?

- Charter brokers may offer various aircraft options and amenities, depending on your needs and preferences.
- You should ask about the level of customization that is available and whether there are any additional costs associated with these options.

What is your cancellation policy?

- Charter brokers may have different cancellation policies, which can impact your ability to make changes to your travel plans.
- You should ask about the company's cancellation policy and whether there are any penalties for canceling or changing your flight.

How do you handle disputes or issues that arise during my trip?

- It is important to have access to customer service when you need it.
- You should ask about the company's procedures for handling disputes or issues that arise during your trip, such as flight delays or mechanical issues.

By asking these key questions, you can ensure that the charter broker you choose provides a safe, reliable, and transparent service that meets your needs and provides an enjoyable travel experience.

Jet Cards and Jet Clubs

The ultimate experience

Jet cards (also known as jet clubs) are another option for those who want to fly privately without owning a jet. Jet cards offer a pre-paid card system that allows customers to purchase a certain number of hours of flight time on a specific type of aircraft.

Available when you need it

One of the advantages of jet cards is the flexibility they offer. Customers can choose the number of hours they want to purchase, the type of aircraft, and the departure and arrival times. Jet cards also offer guaranteed availability, meaning customers can access their chosen aircraft even during peak travel times. Jet cards have unmatched flexibility and convenience when booking flights, most requiring just 24 to 96 hours’ notice. Some offer locked-in rates for 12 months or until your funds expire and receive a replacement aircraft in case of operator cancellation. You can cancel without penalties within 24 to 96 hours before departure. Pay only for occupied hours, excluding reposition flights, and experience minimal or no peak day fees. Travel with your pets stress-free. Members can also receive value adds and discounts from lifestyle partners, enhancing your overall experience.

The disadvantages

However, there are also disadvantages to jet cards. The cost of jet cards can be high, and customers may be required to purchase a minimum number of hours. Customers may also be limited to a specific type of aircraft, which may not always be suitable for their needs. Additionally, there may be restrictions on the number of passengers or baggage that can be carried.

Key questions

On top of the key questions stated above, consider these questions when choosing a jet card operator for your flight:

What is your safety record and ARGUS rating?

- Safety is of utmost importance when it comes to private aviation.
- You should ask about the company’s safety record and whether they have a third-party safety rating from organizations such as ARGUS or Wyvern.
- These organizations conduct safety audits on private jet companies and provide ratings based on their findings. An ARGUS Platinum rating is the highest safety rating a company can receive, indicating that they meet the highest standards of safety in the industry.



What is your aircraft availability guarantee?

- Jet card companies often provide a guarantee of aircraft availability, which means they will have an aircraft available for you within a specified time-frame, such as 24 hours.
- You should ask about the guarantee and what happens if the company is unable to fulfill their obligation.
- Some companies may offer compensation or alternative solutions if they are unable to meet their guarantee.

Do you own your own aircraft or lease them from other companies?

- Some jet card companies own their own aircraft, while others lease them from other companies.
- You should ask about the ownership structure of the company’s fleet to ensure that they have control over the maintenance and upkeep of their aircraft.
- Companies that own their own aircraft may also be able to offer more flexibility in terms of customization and scheduling.

What is included in the price of the jet card?

- Jet card prices can vary widely depending on the company and the type of card you purchase. Typical pricing is between \$100k and \$250k but can be as low as \$25k.
- These fees include a minimum commitment of between 10-25 flight hours but can be higher.
- You should ask about what is included in the price of the card, such as fuel surcharges, landing fees, and catering.
- Some companies may also charge additional fees for certain services, so it is important to ask about any hidden costs upfront.
- The average annual jet card costs are \$289k.

Can I customize my flight experience?

- Jet card companies may offer various customization options, such as choosing the type of aircraft, the departure and arrival airports, and the onboard amenities.
- You should ask about the level of customization that is available and whether there are any additional costs associated with these options.

What is your cancellation policy?

- Jet card companies may have different cancellation policies, which can impact your ability to make changes to your travel plans.
- You should ask about the company’s cancellation policy and whether there are any penalties for canceling or changing your flight.

What is your response time for customer service inquiries?

- It is important to have access to customer service when you need it.
- You should ask about the company’s response time for customer service inquiries and whether they offer 24/7 support.

By asking these key questions, you can ensure that the jet card company you choose meets your needs and provides a safe and reliable travel experience.

Fractional ownership

Fly like an owner

Fractional ownership is a popular option for those who want the benefits of owning a private jet without the high costs and maintenance requirements. Fractional ownership allows customers to purchase a share in a specific aircraft, giving them access to a specific number of hours of flight time each year.

Cost effective flying

One of the advantages of fractional ownership is the cost savings it offers. Customers can share the cost of ownership and maintenance with other owners, reducing the overall cost of owning a private jet. Fractional ownership also offers guaranteed availability, meaning customers can access their chosen aircraft even during peak travel times.

Tax advantages with fractional ownership

With fractional ownership, customers can take advantage of the tax benefits of owning a business aircraft, such as accelerated depreciation and the ability to deduct operating expenses. Fractional ownership can also provide an opportunity for customers to own a portion of a business aircraft, which can be used for personal travel without incurring the Federal Excise Tax (FET). This is because the FET is only charged on aircraft that are used for hire or commercial purposes, and fractional ownership is considered a private use.

It is important to note that the tax benefits of owning a business aircraft can be complex and vary based on individual circumstances. It is recommended that individuals consult with a tax professional before making a decision to purchase a business aircraft.

The drawback

However, there are also disadvantages to fractional ownership. Customers may be limited to a specific type of aircraft, which may not always be suitable for their needs. Additionally, customers may be required to commit to a long-term agreement, which can be difficult to terminate if their needs change. Finally, customers may be responsible for additional costs, such as fuel and maintenance, beyond their share in the aircraft.

Key questions

On top of the key questions stated above, consider these questions when choosing a jet card operator for your flight.



What is your safety record and ARGUS rating?

- Safety is of utmost importance when it comes to private aviation.
- You should ask about the company's safety record and whether they have a third-party safety rating from organizations such as ARGUS or Wyvern.
- These organizations conduct safety audits on private jet companies and provide ratings based on their findings. An ARGUS Platinum rating is the highest safety rating a company can receive, indicating that they meet the highest standards of safety in the industry.

What are the management fees and other costs associated with the program?

- Fractional ownership programs typically charge management fees, which cover the cost of maintaining and managing the aircraft.
- You should ask about the company's management fees and other costs associated with the program, such as fuel surcharges, international charges, and peak day premiums.

What is the availability of aircraft and scheduling flexibility?

- Fractional ownership programs typically provide access to a specific number of hours or days of usage per year.
- You should ask about the availability of aircraft and scheduling flexibility, as well as the process for booking flights and making changes to your travel plans.

What is the process for selling or exiting the program?

- Fractional ownership programs typically have a specific term or duration, after which the owner may choose to sell their share or exit the program.
- You should ask about the process for selling or exiting the program, as well as any fees or restrictions that may apply.

What type of aircraft is included in the program and what amenities are available?

- Fractional ownership programs typically offer access to a specific type of aircraft, and the amenities and features may vary depending on the program.
- You should ask about what type of aircraft that is included in the program, as well as any customization options that are available.

How is maintenance and upkeep of the aircraft managed?

- Fractional ownership programs typically include maintenance and upkeep of the aircraft as part of the management fees.
- You should ask about the company's maintenance program and the process for addressing any mechanical issues or repairs that may arise.

How is the program structured and what are the ownership rights and responsibilities?

- Fractional ownership programs typically have a specific structure and ownership rights and responsibilities.
- You should ask about the structure of the program, such as whether it is a joint ownership or shared lease agreement, as well as the rights and responsibilities of the owner, such as insurance coverage and liability.

What costs can I expect?

- Entry costs around \$800k (as an example, this cost is 1/16th share of a Phenom 300).
- Minimum commitment of 5 years for most programs.
- Overall annual costs can average around \$155k for management fees and \$200k for flight costs, including hourly rate and fuel variables.

By asking these key questions, you can ensure that the fractional ownership program you choose provides a safe, reliable, and transparent service that meets your needs and provides an enjoyable travel experience. You can also use tools such as [Private Jet Card Comparisons Decoder](#) to determine whether Jet Card or Fractional is right for you.

Full plane ownership

Take complete control

There are many factors to consider, including the pros and cons of owning and operating the aircraft outright or placing it in an aircraft management arrangement with an operator.

Owning and operating a private jet outright has its advantages, including complete control over the aircraft's maintenance and operations. You have the flexibility to customize the interior and exterior of the aircraft to meet your specific needs and preferences. Additionally, you have the freedom to use the aircraft whenever you desire without any scheduling limitations.

Find the right broker

One of the main challenges of purchasing a private jet is the cost of the aircraft itself. Private jets come with a wide range of prices, depending on the model, age, and condition of the aircraft. Some of the most popular private jet models can cost anywhere from \$2 million to over \$100 million. It's essential to work with a reputable broker who can help you navigate the complex process of selecting the right aircraft for your needs and budget.

One aircraft for all your needs

Another consideration is that owning a private jet means being limited to that specific model for all your flights. While this may not be an issue for some owners who only fly short distances or within a specific region, it may be a concern for those who require more range and flexibility in their travels.

High cost with high management

However, owning a private jet outright also comes with its downsides. The initial cost of purchasing the aircraft can be quite high, and ongoing maintenance, storage, and crew costs can quickly add up. You'll need to hire and manage your pilots, flight attendants, and ground crew, which requires a significant time commitment and can be quite challenging.

As an aircraft owner, it's crucial to prioritize the maintenance of your aircraft's interior and paint. Keeping the interior in top condition ensures a comfortable and inviting environment for you and your passengers. Regular cleaning, detailing, and addressing any wear and tear are essential to preserve the value and appeal of your aircraft. Additionally, maintaining the exterior paint not only enhances its appearance but also protects it from the elements. By investing in the meticulous upkeep of your aircraft's interior and paint, you can take pride in its impeccable aesthetics and long-term value.



Full ownership alternative

On the other hand, placing your private jet in an aircraft management arrangement with an operator can be a more cost-effective and time-efficient option. The aircraft management company takes care of all the maintenance and operation of aspects of the aircraft, including hiring and managing the crew, arranging for maintenance and repairs, and handling all logistics and scheduling.

Additionally, you can earn revenue by chartering the aircraft when it is not in use, which can offset the costs of ownership. Many aircraft management companies have established relationships with charter brokers, which can help generate demand for your aircraft. However, there are some disadvantages to placing your private jet in an aircraft management arrangement with an operator. You'll need to give up some control over the aircraft's operations, including maintenance, scheduling, and charter usage. You may also need to conform to the operator's standard operating procedures and training programs.

Navigating ownership options

In conclusion, owning and operating a private jet outright offers complete control and customization options, but comes with significant financial and time commitments. Placing the aircraft in an aircraft management agreement with an operator provides a more cost-effective and time-efficient option, but requires giving up some control over the aircraft's operations. By asking the right questions and weighing the pros and cons of each option, you can make an informed decision that meets your needs and preferences.

Full plane ownership also offers the advantage of depreciation and tax-free flying. Owners of business aircraft can take advantage of accelerated depreciation, which allows them to deduct a large portion of the cost of the aircraft in the first year of ownership. Additionally, full plane ownership can provide an opportunity for owners to fly tax-free, as long as the aircraft is used for business purposed or qualified personal use.

Key questions

On top of the key questions stated above, consider these questions when choosing a jet card operator for your flight.

What is the maintenance history of the aircraft?

- Understanding the maintenance history of the aircraft is essential to ensure that it is in good condition and to anticipate any upcoming maintenance requirements.
- You should ask for the maintenance records of the aircraft, including any inspections or repairs that have been completed.

What is the broker's fee for the purchase of the aircraft?

- The broker's fee can vary depending on the type of transaction and level of involvement required.
- You should ask for a clear understanding of the broker's fee structure and any additional costs that may be associated with the transaction.

What is the current asset value of the aircraft and how has the price trended in recent years?

- Understanding the current value of the aircraft is essential to ensure that you are making a sound investment.
- You should ask for information on the current market value of the aircraft and how the price has trended over the last several years.

Is the aircraft enrolled in any engine programs?

- Engine maintenance can be a significant cost associated with owning a private jet.
- You should ask if the aircraft is enrolled in any engine maintenance programs that can help mitigate the cost of engine maintenance over time.

What are the direct operating costs of the aircraft?

- Direct operating costs include items such as fuel, maintenance, and crew salaries.
- Understanding the direct operating costs is essential to ensure that you can afford to operate the aircraft.

What is the full cost of ownership, including employment of pilots?

- Typical entry costs are between \$2 million to more than \$100 million for the aircraft purchase. The commitment lasts as long as you own the aircraft.
- Annual costs are hundreds of thousands of dollars to millions of dollars.
- In addition to the direct operating costs, you should also consider the full costs of ownership, which includes items such as insurance, hangar fees, and the employment of pilots.
- Risk associated are value fluctuations, ability to exit quickly, and other operational costs mentioned previously.
- You should ask for a clear understanding of all of the costs associated with owning the aircraft to ensure that you can make an informed decision.

With plenty of choices, which will you make?

Discover the time-saving advantages of private flying and navigate the realm of private aviation with confidence. By meticulously weighing the pros and cons of each option, asking pertinent questions, and aligning your budget, flying needs, and preferences, you can make an informed decision. Explore the boundless opportunities and experience the exhilarating freedom of soaring on your own terms through private aviation.

Empowered flying - make a confident decision in private flying



