

Can a Fractional Jet Card Work for You?

BY JAMES D. BUTLER | SEPTEMBER 2008

Luxury Aircraft: You've no doubt seen the advertisements on the JustLuxe Web site, in the Wall Street Journal and elsewhere for fractional jet card programs like the Flexjet 25 card, the Marquis Jet card, Flight Options' Jet Pass card and CitationShares' Vector card. These programs offer limited flight time, generally 25 hours, on aircraft that are part of the providers' fractional fleet at a set hourly rate.

I have to admit that when Marquis Jet launched the first fractional jet card program, I was skeptical. Like the programs that followed it, Marquis charged hourly rates well in excess of established charter operators. Indeed, fractional jet cards generally may well be the most expensive way to fly on a private jet. But through effective marketing -- making it look as simple as using a credit card, exposure on Donald Trump's The Apprentice television show, endorsements from professional athletes, etc. Marquis and its followers have carved out a substantial niche in the private air travel market.

How do you know if these programs are right for you? Start by looking at your travel profile and preferences and answering a few important questions:

- How often do you fly?
- Where and when do you fly?
- How far in advance do you plan your trips?
- How many passengers and how much luggage do you take?
- Do you prefer to fly on a fleet that is managed by a single operator?
- Do you have specific aircraft preferences?
- What is the best use of your capital?

A fractional jet card program may be right for you if:

- You fly around 25 hours per year.
- You fly privately on trips with stays that last more than a couple of days, because unlike the alternative of traditional charter, you won't have to pay positioning charges to fly the aircraft back to its home base and then back again to pick you up for your return trip.

- You schedule trips on short notice so that the guaranteed availability offered by jet card programs is of value to you.
- You fly to destinations that are within the service areas of the jet card programs.
- You fly on days that are not "blacked out" by the programs.
- The aircraft available within your budget satisfy your passenger and luggage requirements.
- You are uncomfortable flying through block charter programs like Sentient, Blue Star and Skyjet, that operate through a network of independent charter operators and thus do not offer uniformity in fleet management, pilot experience, aircraft type, age, etc.
- You do not want to make the long term commitment that is required with a full fractional investment.
- You are willing to pay a bit more to fly than you'd be charged as a fractional share owner because that extra cost is more than offset by the return you can realize on the capital you'd otherwise invest in purchasing a fractional share.

If you decide that a fractional jet card is right for you, do your due diligence and look at all your options. Make certain that you like the aircraft that you'll be flying in. Understand when you can fly and when you can't, what additional charges you'll be responsible for (fuel surcharges can increase your cost substantially), how your flight time will be calculated (most programs use a one hour minimum so if you fly a lot of thirty minute flights you could lose half your flight time), and whether your card has an expiration date (such that you'll lose any flight time you don't use before that date.) Finally, and most importantly, review the contracts carefully. Even though the fancy brochures make this look as simple as using your credit card, it's a substantial investment, the contracts can be lengthy, and we've found that there is room to negotiate.

James D. Butler is an attorney and the chief executive officer of Shaircraft Solutions LLC (www.shaircraft.com), based in Bethesda, Md. Shaircraft advises individuals and businesses with respect to the full range of private air travel investments, including fractional ownership, jet card programs, air taxi services and charter, and also specializes in fractional share valuation disputes. ■

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James D. Butler
Shaircraft CEO



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