

Private Jet Travel – Which Investment is Right for You?

BY JAMES D. BUTLER | DECEMBER 2006

Flying on the commercial airlines is a hassle from beginning to end. It requires that you arrive several hours early, just to be sure you make the flight. Recent terror threats have led to long security lines and more intrusive and undignified searches. New restrictions on carry-on items mean you have to check bags, causing further delays and inconvenience.

The Service Sells Itself. Contrast this nightmare with flying on a private jet. The world opens up when you fly privately. Private jets can fly into over 5,500 airports in the United States alone, while commercial airlines are limited to only 500 airports (and indeed 80% of all commercial airline flights use only 50 airports.) You fly where you want to fly, not through the airlines' hubs, and you fly direct. No Saturday night stay overs. No penalty for booking late, no waiting for red eyes.

Nor is security a concern when you fly privately. You know who's on board, what's in the luggage and who's piloting the plane. This sense of control provides peace of mind which, in today's world, is very reassuring.

Add to this, the fact that private jet travelers don't suffer through long security lines with intrusive searches and can fly on their schedule rather than the airlines' schedule and you have an extremely attractive service that's reliable, convenient, safe and private.

Frankly, the service sells itself. Once you've flown this way, it's really hard to go back to the United Airlines counter.

Truthfully, many professional athletes consider private air travel for themselves and their families—not as a luxury, but rather as a necessity.

Productivity on the field/Quality of life off the field. Time savings is the ultimate reward when flying privately. A trip that on a commercial airline would take 10 hours between baggage check in, long security lines, flight delays, layovers, and connecting

flights can be accomplished in a fraction of the time without delays or hassles. But beyond that, the benefits are on a most human level—productivity on the field/quality of life off the field.

A Tiger's Tale. Take, for example a professional golfer like Tiger Woods. He gets to every tournament with his clubs, when he needs to be there so that he can honor his commitments to the tournament, the fans and his sponsors. He can get home from a tournament the same day, spend time with his wife, and when he returns to the tour, he's relaxed and ready to play. This is part of his support system, like his coach, his caddy and his equipment. When the hassle and inconvenience of traveling is eliminated, an athlete or any business traveler is more relaxed and better able to perform productively. By investing in himself, Tiger Woods gives himself the best chance to succeed.

It works for everyone. It can work for you. But that's just one example. A basketball player, struggling with his shot, can visit his high school coach and know that he'll be back in time for that night's game. A football player can visit an ailing parent on an off day and be sure he'll be back in time for practice. A veteran pitcher can fly his family in to see him pitch and have the kids back in school the next day or fly home to see his son play in a little league game. To be sure, these benefits improve the athlete's quality of life, but they also help him achieve his best performance. Any athlete knows that mental focus is the key to playing your best. By providing a reliable, safe and secure way for a player to get to work and by enhancing his quality of life, private air travel contributes to an athlete's mental focus and thus to his success.

Private air travel makes financial sense for the elite athlete. By enabling you to perform at your best, this service literally pays for itself. Relieved of the stress and anxiety associated with commercial air travel, you perform better and that translates into a bottom line of higher compensation through increased salary, achieved incentives, long term guar-

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anteed contracts and the like. Given the stakes in professional sports these days, one less stroke per round in a golf tournament, one more free throw made at the end of a tight game, or one more sack in a playoff game, can mean a world of difference to your financial success and longevity. Not to mention the peace of mind that your family enjoys, which is priceless.

What are the options? Like many current and former professional athletes, you've probably flown on a private jet. Team sports athletes often fly chartered jets to road games. Or a sponsor may have sent a private jet to take you to a photo shoot or a corporate outing. So you're probably convinced that private air travel is a great way to travel. Want to fly privately more often? Want to know what your options are?

No doubt you receive glossy brochures from all sorts of private aviation companies, from fractional programs to fractional jet card programs, to block charter programs, to on demand charter companies. Which one is right for you? That depends on your particular needs and budget, but here's a brief description of your options—

Fractional ownership is a popular investment in the private air travel arena. Essentially, you purchase a partial interest in an aircraft that is operated by an aviation company as part of its fleet. As an owner, you have the right to use any comparable aircraft in the fleet, on demand, for a predetermined number of hours each year. (A typical agreement might include 100 hours of flying time per year for each 1/8 share.) The fractional provider manages the aircraft and the rest of its fleet, providing pilots, maintenance, insurance, catering and other services. You merely call a few hours ahead of time and the provider guarantees delivery of a plane where you want it, when you want it, to take you where you want to go.

You pay a purchase price for the fractional share, as well as a monthly management fee and a charge for each hour of flight time. These costs vary depending upon the aircraft and the size of the share purchased. At the end of the investment (usually 5 years) the provider repurchases your share based on the fair market value of your aircraft.

Fractional jet cards have become popular with travelers who fly less than 50 hours per year and do not want to purchase an interest in an aircraft, perhaps because they don't want to be subject to changes in the resale market that will affect their repurchase value. Still, these travelers want to fly on aircraft that

are managed and operated as part of a single fractional fleet. For a set price, you buy a number of flight hours and when those hours are used up, your investment expires.

Block charter programs work like fractional jet card programs insofar as you buy a set number of flight hours for a predetermined price and the investment expires when the hours are used up. However, block charter providers don't manage and operate a fleet of aircraft. Rather, they make arrangements with independent charter operators around the country to provide aircraft for their customers' trips. Although there is less uniformity in the aircraft and their operation, many block charter programs use safety auditing services to make sure that their operators are safe and reliable.

Charter is the way to go if you're just taking one trip. You make arrangements with a charter operator to fly the trip and pay the cost of only that trip. There are no deposits, long term commitments, etc. When the trip is completed, your commitment ends.

With so many options, which one is right for you? Here are just a few of the questions to consider:

- How often do you fly?
- What is your home base?
- Where do you fly?
- How many people fly with you?
- What's your budget?
- How far in advance do you schedule your trips?
- Do you have any special needs?

And so on. Once your needs are understood, then it is possible to recommend an investment that's right for you—the right amount of flight time, the most appropriate and safe aircraft, at the best price.

Bottom line — Just as in all aspects of your finances, it's important to have an expert sitting on your side of the table looking out for your best interests because in the private air travel business a mistake can end up costing you hundreds of thousands, if not millions, of dollars. But, done correctly, an investment in private air travel will dramatically improve your life both on and off the field.

James D. Butler is an attorney and the CEO of Shaircraft Solutions (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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