



Pay it forward

Jenny Southan investigates the pros and cons of prepaid private jet cards

Joe is a Silicon Roundabout entrepreneur based in London. His new job as chief executive will see him travelling more for work, especially in the US. He's happy to use commercial airlines to make transatlantic hops, but when it comes to domestic flights in America he is concerned that the hassle of using conventional carriers and airport security will be counterproductive.

In the US, if you fly more than 400 hours a year on a private jet, you're better off buying your own aircraft, but Joe's not going to be that guy. Instead, a business acquaintance of his has recommended a "jet card", which means he can prepay for a block of hours or load up an account with credit to use as and when he likes on a predetermined aircraft of his choice.

If Joe decides this is right for him, he will require a chunk of cash upfront (this is not for travellers who prefer a pay-as-you-go approach to jet charter). The benefits of a subscription will mean he gets to lock in a fixed hourly rate (he only pays for scheduled flight time – not diversions, delays, fuel, landing fees, de-icing or aircraft positioning, for example). He has guaranteed availability, there are no peak-hour restrictions and the booking process is speedy.

Private jet cards represent 20-25 per cent of charter revenue for boutique broker Skytime Jets, which launched in 2012. Some 60 per cent of its business comes from Europe, 30 per cent from the US and 10 per cent from the Middle East and Asia.

James Shotton, its co-founder and director, says: "We work with individuals who appreciate that buying a private jet card is not the cheapest way to fly but who want very high quality, personalised service. Customers can either negotiate on every single charter trip and have multiple conversations about

Left: Skytime Jets' Legacy 500



price, or have a fixed price agreed at the beginning so they know exactly what they are getting.”

That certainty comes at a cost. The cheapest ten-hour package for a six-seat light jet is £47,000, or £4,700 an hour, compared with ad hoc charter of a six-seat Cessna Citation, which might be £1,500 an hour. There is a level of security against bankruptcy, too, as all payments are put into a dedicated escrow account so Skytime can only access it when you want to book. It lets you roll over unused hours to the next year, although not all companies will. Being eligible for a refund of your balance at any time is also something you will need to ensure you are entitled to.

FIRST OFF THE BLOCKS

Sentient Jet claims to have been the inventor of the private jet card, with 100 per cent of its revenue coming from this model even after 20 years. Its president and CEO, Andrew Collins, says: “About 60 per cent of our flights are related to business and 40 per cent to leisure. Whether it’s a top executive looking to make an important board meeting in Cleveland after closing a deal with a client in New York, or a family member looking to get home in time for the holidays, flying private is a viable way to beat the clock.”

Below and left:
Sentient Jet



PROS AND CONS OF PREPAID CARDS

PROS

- You always know how much you are going to pay for your flights.
- You are guaranteed availability of your aircraft type (or an upgrade).
- There are no extra fees to worry about for the likes of delays, diversions and de-icing.
- You can manage your travel spend more easily as a company.
- There are no blackout periods or peak days.
- Rates are typically the same for one-way and round-trip flights.

CONS

- It costs more than ad hoc charter.
- You need a lot of capital upfront to buy one.
- Choosing a card is complicated.
- Unless your money is in escrow, you could lose it if the company goes bankrupt.
- Not all jet cards allow you to roll over hours or credit.
- A daily-minimum requirement of 90 minutes would mean you’re charged double for a 45-minute flight.

Although private jet cards have been around since the late 1990s, jet charter broker Privatefly didn’t start offering one until two years ago. Carol Cork, its marketing director and co-founder, says: “Our jet card works very much like an Oyster card, allowing customers to prepay for their travel. Feedback from some of our more frequent flyers showed us they wanted all of the same on-demand cost benefits and global coverage but with the increased speed and convenience of a prepaid account.”

What does it cost? The minimum credit you can buy with Privatefly is £50,000 (in this case, you do not buy a bundle of hours). In return, you get the “best possible charter market price every time you fly, the fastest response speeds possible when booking, flight credits on your jet card balance, aircraft upgrades, preferred cancellation terms, a dedicated flight advisor 24/7, and no blackout periods or peak days”.

How quickly can you go from booking to boarding? Cork says: “We had a jet card customer go from enquiry to airborne in 31 minutes last week from Miami to Chicago. On average, almost a third fly within 24 hours of booking, and 66 per cent within a week.”

As we reported last year (“From the ground up”, June 2016), Delta Air Lines is targeting the private market with its Delta Private Jets subsidiary. As well as selling regular charters, it offers private jet cards from US\$100,000 upwards, and you can earn ten Delta Sky Bonus points per dollar spent. The flights can also work in conjunction with regular Delta services, with chauffeur-driven Porsche cars taking you from one domestic flight to the next, missing out the terminal experience altogether.

Other companies that sell cards include Air Partner, Magellan Jet, Vistajet and Flexjets. Netjets says its Marquis card is “ideal for anyone who flies under 50 hours per year and prefers a short-term commitment”. Crewing, scheduling, maintenance and catering are all part of the package. Philip Baer, Netjets’ senior vice-president of the UK and Nordics, says the card “is intended as a trial programme or for those who fly infrequently” (the company’s main focus is on fractional ownership of its fleet of 700 jets).

Cork says: “In general, jet cards came about as a natural evolution of the private jet market. First, you could own your own private aircraft, then fractional ownership was created for those who wanted a share in a specific fleet, then a jet card became desirable, offering a block of flying time, but without the full or part-share financial investment of the aircraft asset.”

COMPARE AND CONTRAST

Journalist and jet expert Doug Gollan says doing your research is essential, which is why he founded privatejetcardcomparisons.com, a site designed to help you work out what suits you best. He says: “Do rich people really buy these programmes without



10 CARD PROVIDERS

- magellanjets.com
- aircharter.co.uk
- privatefly.com
- skytimejets.com
- airpartner.com
- sentient.com
- vistajet.com
- luxaviationuk.com
- netjets.com
- deltaprivatejets.com



The downside of “on-demand” charter (when you’re not using a jet card) is that the “bargain” price you nabbed with the latest “Uber” of private jets may not be so cheap at the end of your journey. Gollan says: “When you charter a jet to Nice and there is fog so your plane has to divert, who pays for that diversion? You do. Jet cards cover diversions and de-icing, for example, as part of your inclusive rate. But if you think of four couples getting together to split a charter, and suddenly they find out their flight is getting diverted, costs can be in the multiple thousands of dollars.”

Patrick Margetson-Rushmore, chief executive of private jet operator Luxaviation UK, says: “It’s important to have a close look at the type of card you’re buying into before you sign the contract. All good jet card providers are flexible. Certainly, with the card that we provide, while your membership is based on a specific aircraft type, you can trade up or down within our fleet, as required. Jet cards are an easy, economical solution for regular charter flyers.”

If you don’t think a jet card is for you, Stratajet has a different kind of proposition. Instead of prepaying for a bundle of hours, which requires a large amount of capital to be tied up elsewhere, it has set about providing jets in the cheapest way possible – by selling seats on empty legs (private jets are usually booked one-way so return journeys tend to be scheduled without passengers). Given these trips can cost 75 per cent less than a typical charter, when people talk about the democratisation of private aviation, this is what they have in mind. The downside is that you don’t have the jet to yourself. What did Joe choose? He’s still making up his mind. ■

reading the fine print? All the time. What happens? They get very upset after they see their first invoice.”

A lot of people choose a card based on a friend’s recommendation, he says. “But they might be doing a lot of two- or three-hour flights, whereas I want to do 20 flights to Boston, which take 40 minutes. One of the jet card variants is ‘daily minimums’ – if your provider has a 90-minute daily minimum they will charge my 40-minute flight as an hour and a half.”

One key benefit of jet cards is that the rate that you lock in is typically good for both one-way and round trips. Gollan says: “One provider might be willing to keep the jet for Nice in two days so they will give you a round-trip rate, but another will need it back in London the next day so will give you a one-way rate. The advantage of buying a card is that whether you do a round-trip or one-way flight, you know your rate is US\$8,000 dollars an hour and you don’t have to negotiate every time.” You may also get aircraft upgrades when your contracted jet is not available.

Clockwise from top: Luxaviation’s Embraer Legacy 600; Privatefly’s jet card; Privatefly aircraft