

MAGELLAN JETS

ELEVATE EXPECTATIONS



HOW TO BUY A JET

By Jet Advisors



Executive Summary

Buying a jet can be a rewarding experience! Done properly, the result is a significant improvement in your productivity and quality of life, at a manageable cost, and with no negative surprises.

However, the jet buying process is complex, and full of potential pitfalls. The most attractive looking aircraft may have been flown hard and need extensive maintenance. A low asking price may signal a good deal – or it may mean the seller is hoping to unload the burden of a big round of inspections on you. Even brand new aircraft typically need tens of squawks fixed before they can enter service. And where is that aircraft on its depreciation curve? Are you prepared to accept a steep fall in value over the next few years?

We are here to guide you around the pitfalls, and get you the aircraft solution that best meets your needs – even if that means advising you to go with charter or fractional ownership instead of buying a whole aircraft. Our team has placed over 500 jets in service, both new and pre-owned. We are aircraft owner advocates – and that includes owners-to-be and first-time buyers – and we are paid solely by our clients. We have no hidden agendas. We are here to represent you, to find what you need, and to protect your financial interests in regards to your airplane.

This white paper probably should be titled *How to Avoid Buying the Wrong Jet*. As you'll read below, it lays out the critical considerations you need to take into account before signing a purchase agreement.

Needs Assessment

The most important step in the aircraft acquisition process is the needs assessment. Buying a private jet is a complex decision, and better preparation will lead to better decisions about which type of aircraft to purchase. Figuring out what you really need from an aircraft is vital.

Consider your typical trips – the trips that will account for 80% - 90% of the aircraft's use. Those median trips will define what kind of aircraft you need, based on information such as the flight ranges, the types of airports and runways used for arrival and departure, and passenger load.

Be honest with yourself about where you need to go, when you need to go, and how long you need to stay. Look at all of your flights from the last 48 months to see what your travel needs have been and to better and more realistically project what they might be for the coming years.

[We can help you with this.](#)

At Jet Advisors, we examine every trip that the client anticipates to narrow down the options of which aircraft types to pursue – or to see if the client even truly needs to buy an aircraft at all. We have often dissuaded clients from pursuing whole ownership when charter or fractional options would better suit their travel needs and keep their wallets happier. Most of our clients use a combination of services to meet their travel needs. For instance, they own their own aircraft but fly charter for the less frequent, atypical trips that their primary aircraft can't cover.

Watch out! Beware the 10% Trip

One thing to watch out for in the needs assessment is the “10% trip.”

The 10% trip is an annual or otherwise non-typical trip that includes a larger than usual number of passengers and/or covers a larger than usual number of miles. Taking the extended family to the Super Bowl once every year does not necessarily mean that the buyer needs a jet with the larger capacity required for that trip. If such a large passenger load or range is not required in your more regular travels, it's probably neither necessary nor cost-efficient to purchase a plane that can accommodate the once-a-year Super Bowl trip.

Using Your Head Before Following Your Heart

Sometimes clients come to us already convinced that one particular aircraft model is the one for them, after they take a demo flight or a friend makes a recommendation. These pre-selections, however, might not be the best fit for the client's actual travel needs and usage.

There is an old saying in aviation that, "The two happiest days in aircraft ownership are the day the owner buys the plane, and the day the owner sells it." The truth in this comes from owners who leapt before they looked, and led with their heart instead of their calculator.

Jet Advisors bases our recommendations on your realistic usage so that the days in between can be wonderful, too!

Our Private Jet Index™ (PJI) is a tool designed to compare jets both in flight performance and in the market-place. We take a long-term view of our clients' requirements and analyze market-place history to project an aircraft's future financial performance. You will very probably sell your airplane one day, and you need to know now, before you buy, if its value is due to plunge.

Although the final decision is yours, we use our industry experience and statistical tools, including the PJI, to recommend the best aircraft for your unique travel needs.



Consider What Matters To You

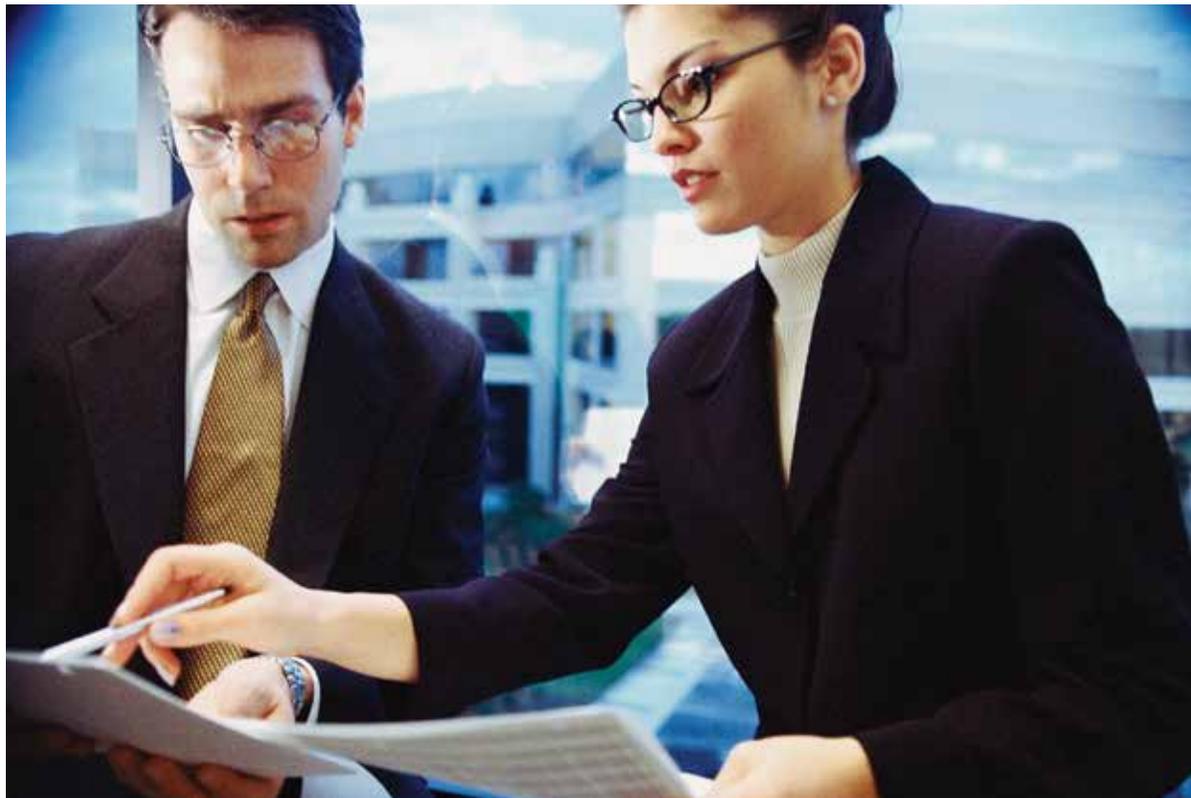
When choosing among the different service options, you have to ask yourself what you – and your usual passengers – value most when you travel. Some questions you'll need to consider:

How flexible are departure and arrival times?

Is it more important to you to save money on travel or to have a consistent operator and flight crew?

How acceptable are variations in service? Is it important to have the same aircraft (or at least the same type of aircraft), or will you be fine with any suitable aircraft from an acceptable provider?

Do your trips have a lot of variation in range, passenger load, and airport type? Would you rather choose a different aircraft based on each mission, or have only one plane available for all?



Is Jet Ownership For You?

Whole jet ownership isn't the best fit for all potential buyers who want or need to fly privately. Options such as flying charter, jet card programs, or fractional ownership are available for travelers who don't fly in such a way that whole ownership becomes cost-effective.

Flying charter is basically renting an aircraft for the time you'll need the plane. With charter, you can decrease or increase your service as needed, and you can find the best plane to suit each trip. The main disadvantage is inconsistency - in service, aircraft, and operators.

Jet card programs require prepayment of the full cost of the 25-hour card. Jet cards are cost-efficient for travelers who stay for four or more days after a flight.

With fractional ownership, you are guaranteed your aircraft type anywhere and any time you need it, assuming you have hours available in your account. Jet card users and fractional owners benefit from more consistent service and similarly trained crews.

Of course, it may make sense to buy a jet for your typical trips, and use one of the other options for the rest. We often design combination solutions along those lines for our clients.



Understand the True Cost of Ownership

Compared to charter, jet card, and fractional share options, whole aircraft ownership is the biggest financial commitment for a private flier, yet it also offers the most control and consistency. The most obvious cost of jet ownership is the sticker price, but – especially if you've never bought a jet before – remember to take into account the hidden costs of owning a private jet.

Hidden Costs

Fuel	Maintenance fees
Pilot & crew	Catering
Management fees	Hourly flight costs
Insurance	Fixed ongoing costs

When selecting a specific aircraft, we consider what inspections are due or what maintenance must be done to determine the cost of the plane. If a major inspection has just taken place, that will drive up the initial price of the aircraft, but you as the new owner will not have to pay for that inspection. The asking price for an aircraft may be lower than usual if there is major maintenance due soon, but as the new owner of the aircraft, you would have to take on that cost.

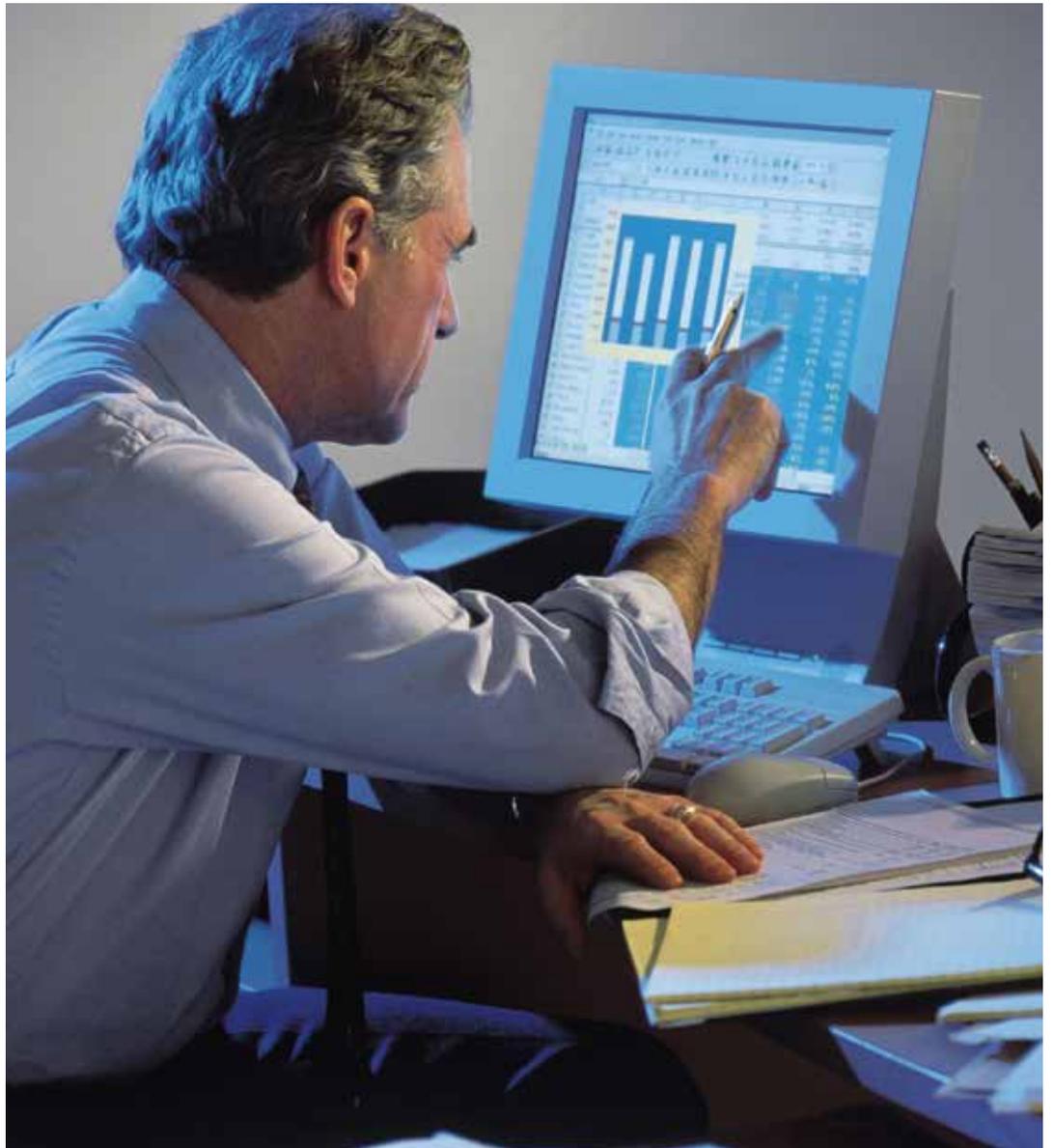
We also consider the rate of depreciation for a plane. Some models plunge in value quickly, and some hold up remarkably well, even in a less-than-ideal market. The projected depreciation for the plane you select will affect you most directly when the time comes to sell your aircraft.

Putting It All Together

The best way to ensure you make a successful aircraft acquisition is to be data-driven. Assess your needs carefully, watching out for those 10% trips. Try not to fall in love with a particular aircraft, or even aircraft type, before doing your homework. Keep in mind there are other good private aviation options, so ownership may not be the best solution for you – on-demand charter, a jet card, a fractional share, or even a mix may be optimal for you. Lastly, remember all the hidden costs of ownership you will need to manage to avoid unpleasant surprises.

If you do all of that, and find that buying a jet makes sense, go for it! You can be confident you have made the right decision.

And if you would like an experienced advisor to walk you through it, of course we are here to help.





A note from Jet Advisors:

Jet Advisors is an independent company developed to assist clients with their private jet needs. We are aircraft owner advocates - and that includes owner-to-be and first-time buyers - and we are paid solely by our clients. We have no hidden agendas. We are here to find the aircraft you need, and to protect your financial interests in regards to your investment in it.

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PREFERRED NETWORK**

Aside from utilizing information provided by our 3rd party safety auditing partners, Magellan Jets Flight Support and Compliance Team also provides another layer of due diligence when carefully selecting and approving aircraft and flight crews to meet our requirements. **Made up of professional pilots, Compliance is responsible for carefully evaluating everything from DO85's, Insurance, aircraft quality, incidents, customer feedback and operational knowledge of our providers.** They are also pleased to work with your corporate flight department for any additional information or company requirements.

Magellan Jets does not own or operate aircraft, instead, we recommend the best positioned aircraft on each and every trip that our clients take. We take great pride in providing the best value to our clients using technology to locate the right aircraft from Magellan Jets Preferred Network (MJPN). All approved vendors in our network are FAA Part 135 air taxi operators, and are also required to adhere to safety requirements set forth by Wyvern and/or ARG/US, the leading 3rd party safety auditing firms in the country. Providing the safest and most experienced aircraft and flight crews in the private aviation industry, while providing competitive rates, is what sets Magellan Jets apart from the competition.