



Cruising the Friendly Skies: Own or Charter Your Own Plane?

There are few things in this world that are more symbolic of luxury than owning a private jet. For people who travel frequently for business and pleasure, that luxury may in fact, feel like a necessity. Despite the annual logging of massive miles, outright ownership of a plane may not be the best option for cruising the friendly skies. The most obvious downside to owning a private jet is the cost. Not only does one own the jet, they must also own its problems and the responsibility of maintaining it. This includes hiring the pilot(s) and crew and keeping up to date with the rigorous FAA mandated regulations. For example, when traveling for long periods of time, a jet owner will need to provide accommodations for the crew and store the plane when not in use. There is also the risk that an individual may buy in excess of their needs, overestimating their expected travel which could be handled by a more modest plane. It is easy to see how quickly the ownership costs can mount when taking into account the salaries of the pilot and crew, storing the plane and the required repairs and maintenance to be compliant with FAA regulations.

One alternative to buying an aircraft is to “charter” a plane when needed. When chartering a plane, the only cash outlays are for usage of the plane. By chartering flights, it is possible to choose the aircraft that is most appropriate for the journey, which can lead to substantial cost savings and the flexibility to adjust the size of the aircraft based on the need for each specific trip. Using a charter service also shifts the burden of hiring and managing the pilots and crew to the charter company rather than the individual. One downside to chartering is that there is a risk that a desired aircraft is not available at the exact time it is requested - forcing a family to make alternative arrangements or change their travel schedule.

After a certain threshold, outright ownership becomes a more viable option. But even after reaching that threshold, chartering flights or fractional ownership may still be the more cost effective and more manageable solution. Under fractional ownership, a person often has a multiyear contract in which they own a portion of the aircraft’s annual flight hours. A major benefit of this arrangement is that the individual would typically have the continuity of the plane and its crew as they would if they owned the plane, without the associated administrative headaches. But on the downside, scheduling flights during peak travel times can be troublesome and there is less flexibility if travel needs change or require staying in a location for an extra day.

Whether driven by pragmatism or passion, the decision to own or charter should be carefully considered in coordination with trusted advisors. Contact your Anchin Relationship Partner or Daniel Torcasi, a senior manager in Anchin Private Client, at 212.840.3456 or info@anchin.com.



Ehud "Udi" Sadan, CPA, CGMA
Leader
ehud.sadan@anchin.com



Jared Feldman, CPA
Leader
jared.feldman@anchin.com

1375 Broadway, New York, NY 10018 • 212.840.3456 • www.anchinprivateclient.com

Anchin Private Client Copyright © 2017

This contains information which is general in nature and based on sources which are believed to be authoritative. Specific applications would require consideration of all facts and circumstances by qualified professionals familiar with a taxpayer and therefore we are not liable for the application of any information contained herein. No part of this correspondence may be reproduced or utilized in any form or by any means without written permission from Anchin Private Client.