

BARRON'S

PENTA *DAILY*

Insights and advice for families with assets of \$5 million or more.

March 7, 2014, 4:27 P.M. ET

Jet Cards À la Carte

By Robert Milburn

Private-jet customers are getting picky. They want more choice. "When you look at the aviation industry, everything looks the same, with love it or leave it terms," says Anthony Tivnan, president and co-founder of jet operator [Magellan Jets](#). And make sure to bring your lawyer along before crossing the "T's" and dotting the "I's" of that 30 to 50 pages of contract, he adds. (Even then, customers can wind up bloodied; for a horror story full of lessons, see "[Fractional Fracas](#)."

"To be honest, we were following that same platform," says Tivnan.

But now Tivnan and his fellow co-founder and CEO of Magellan jets, Joshua Hebert, think they have found a way to distinguish themselves from the competitive pack: a customizable jet card that they dub "build-a-card." It allows travelers to mix-and-match amenities that fit their needs.

Tivnan and Hebert's build-a-card is playing on a trend they spotted; a number of wealthy individuals owning planes are also buying more flight-time via a jet card. "Flyers are becoming a lot more savvy on efficiency, and are finding innovative ways to use ownership, fractional, and jet cards together," Tivnan says. Among them is Robert Herjavec a Magellan jet card holder, jet owner, businessman and media personality on the popular ABC investing show Shark Tank. "He has a Magellan jet card in case his family needs the plane, but he has to travel on business," says Tivnan.



The Challenger 300 super-midsize jet seats up to 10 people. Credit: Magellan Jets

So the Magellan execs pitch their new product as “simple and fast, customizable to their clients travel habits.” We played around with the firm’s [“build your own card”](#) portal to see how it works.

Select from Magellan Jets’ 2,000 some-odd fleet, airplanes of varying sizes, light to large. You then pick your number of jet-card hours, between 25 and 100; once paid, this acts as your debit card of jet flight hours, guaranteeing you flight access with at least 10-hours notice.

The next two screens allow you to pick one “perk” and one “add-on.” A “perk,” for instance, allows you to stave-off tacked on expenses or limitations typical of many jet cards such as “no fuel surcharges,” which avoids an after-flight per hour fuel bill charged above the cost of the jet which, at Magellan, ranges from \$625 to \$925 an hour. “No peak date surcharges,” meanwhile, allows you to fly between 12/19 and 1/4, or on Thanksgiving/President’s Day weekend, without incurring the usual mark-up that ranges from 5% to 20%. Other perks are “1.5 hour minimums,” as opposed to the usual 2-hours automatically billed to the card regardless of flight time, and an “18-month contract term,” instead of being limited to a year.

For “add-ons,” we could have chosen from “complimentary catering;” “complimentary ground transportation;” “free aircraft upgrades,” which allows you to move up in size between one and four times, depending on the number of hours selected for your card; and “no interchange fees,” that avoids the cost of upgrading or downgrading in size, as needed.

We suspect many of these “free” perks and add-ons are built into Magellan Jets prices and are probably not the great bargain they assert. Furthermore, jet industry insiders tell *Penta* that, in many instances, chartering a jet of a different size is still more cost effective.

But it’s to be applauded that Magellan are offering customers more flexibility, since that is often why wealthy travelers turn to private aviation in the first place. Indeed, that’s why folks like Herjavec hold a jet card and own a plane. For more about choosing between the cornucopia of private options, see James Wynbrandt’s [“Charters? Jet Cards? Fractionals?”](#) in *Business Jet Traveler*.

To get a feel for Magellan’s prices, we conducted a quick cost comparison across the company’s fleet. We selected “light jet flex” (Magellan’s 6-passenger aircrafts), along with a “25-hour” card, “no fuel surcharges,” and “free aircraft upgrades.” The grand total came to \$95,675 including taxes. The Gulfstream 450, the large 12-seater, with comparable customization, came to \$389,687.50, all-in. There is a whole continuum of options in between.

\$389,687.50, all-in. There is a whole continuum of options in between.

Say you often fly with a few colleagues between Boston and New York on business. Choosing "1.5 Hour Minimums" might be for you, since it's a small to mid-size jet that could easily make the jump in under 2-hours. But what if you also take the extended family to Aspen a few times a year, demanding a jet with larger seating capacity? Magellan's "no interchange fees" would remove a \$300 per hour charge incurred, when moving up-or-down from the Hawker 400XP light jet and the Hawker 800XP mid-size. As previously noted, however, you're paying upfront for this flexibility, so if you only need to upgrade a few times per year, "free aircraft upgrades" is probably the cheaper option for your flying pattern.

Beyond cost, there are of course other factors that come into play before choosing a jet. "Factors like weather, flight altitude, local available runways and even the luggage you typically carry all need to be considered," Tivnan says. That's why, before a short summary screen pops-up showing the all-in cost, including federal excise taxes, you're prompted to schedule a consultation with a Magellan representative to make sure your selections fit your needs.

Comparing pricing between different jet-operators is notoriously difficult, due to the sheer volume of jet operators and options. Still, Magellan's flexibility in applying aviation credits to multiple jet models is in itself worth good money – and we can only hope the idea catches on.

Circulation: 302,714