

Aircraft Ownership Cost Workbook

A disciplined budget, from fixed costs to exit.



Inside this guide

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A practical guide to the decision

Budget by category and count each expense once. Keep a reference date and source beside every quote. Preserve the low-use case as well as the expected case.

Use this guide with your transaction team

Mark each assumption as confirmed, provisional or unresolved. Assign a responsible person and a date to every material open item. Revisit the record when the aircraft, ownership entity, operating plan or financing structure changes.

Use this resource with qualified advisers for your transaction. Educational guidance does not replace tax, legal, technical or operational advice specific to the aircraft and facts.

Start with the intended operation

Have the responsible aviation professionals identify the crew arrangement appropriate for the aircraft and use. Do not infer staffing from the number of cabin passengers or a single-pilot marketing description. The owner needs a dependable employment or contract plan with responsibility for qualifications, scheduling and training. This resource organizes budget questions; it does not determine pilot eligibility or provide permission for an operation.

Price more than salary

Include quoted compensation, benefits or contract charges, recruitment, travel, hotels, positioning and training expenses where applicable. Record whether a management proposal includes these costs or merely administers them. A crew line that excludes training travel and temporary coverage can understate annual cash requirements. Obtain clear assumptions for owner travel peaks, time away and provider responsibilities rather than assuming one annual figure covers every schedule.

Coordinate training with insurance

FAA proficiency requirements and insurer conditions are separate sources of obligations. Ask the training provider and insurance broker to confirm the relevant program, accepted facility and any required mentoring or experience conditions. Training and proficiency requirements depend on the pilot, aircraft and operation. Reserve training dates early enough for the acquisition timeline and include alternatives if the aircraft delivery or crew availability changes.

Budget continuity without guaranteeing dispatch

Training, leave, illness and turnover can require backup staffing or substitute transportation. Agree how those situations will be handled and who approves incremental costs. Evaluate the quality of the process alongside headline annual fees. A provider saying backup is available should explain what that means contractually, at what price and under what limitations. Financial preparedness supports sound choices without guaranteeing a trip will proceed.

Fuel assumptions need consistent units

Obtain a planning fuel-burn assumption from qualified aircraft professionals for the intended financial scenario. Specify the unit and period, such as gallons per flight hour, and match it to the price unit. Do not use a manufacturer range statement as a universal fuel-cost rate. The fuel-budget tool estimates expense from your assumptions. Flight fuel and aircraft performance require separate operational planning.

If a quote uses gallons while a technical estimate uses mass, an appropriate conversion assumption is needed. Fuel density varies and a fixed hidden factor should not be treated as an operational measurement. For budgeting, either request compatible units or display the user-supplied conversion and its limitation. Also distinguish U.S. gallons from other volume units. A numerically plausible output can still be wrong if the units are mismatched.

Separate program charges from uncovered reserves

Obtain the current contract, engine serial numbers, coverage level, billing history and program-provider confirmation. Manufacturer pages describe available programs, but eligibility and coverage can vary by engine and agreement. Do not apply one provider or program description to every jet. A seller listing saying engines on program is the start of a document request, not proof that all expected maintenance expenses are paid.

Have the technical adviser explain scheduled events, unscheduled work, removal, installation, transport, rental support and any excluded damage. Identify deductibles, minimums, escalation and eligibility conditions where they exist. Some coverage levels differ substantially even within one manufacturer program. A budget should use actual quoted charges and retain an explicit allowance for items outside coverage rather than treating the hourly rate as the entire engine cost.

Debt service belongs in the cash plan

A payment based on a long amortization period can coexist with a much earlier maturity date. Request the repayment schedule, final due date and treatment of the last ordinary payment. Identify whether the maturity amount is the balance after that payment or includes it, so the closing budget does not count the payment twice.

Use a month-by-month schedule to show the remaining debt at your planned sale date. Comparing only total payments before that date omits principal still owed. If one loan amortizes more slowly, its lower payment may reflect retained debt rather than lower ownership cost. Keep fees and prepayment costs visible alongside both balances.

Model lower utilization

A simple planning model separates annual fixed operating costs from variable cost per hour. Annual operating cost equals fixed cost plus hourly cost multiplied by flight hours. Average operating cost divides that total by hours. Financing can then be displayed separately. This makes the arithmetic understandable while leaving room for actual contract minimums, calendar events and step changes that a simple linear model does not capture.

The average hourly figure includes allocated fixed costs. Another flight may add variable expenses without recreating the entire annual fixed budget. Conversely, a lower average from additional use does not make the flight free or turn optional travel into a saving. State exactly which question each result answers. A decision about ownership affordability is different from a decision about the incremental cash for one additional mission.

Plan the downside cash requirement

Use a dated aircraft price, actual financing proposal where available, quoted fixed costs and explicit utilization assumptions. Identify what is verified and what remains illustrative. Without a consistent baseline, scenario differences can be caused by changed inputs unrelated to the question being tested. Keep the original model version so a later update can be traced rather than silently replacing the assumptions that drove the purchase decision.

Test fewer owner hours, higher fuel price, an uncovered maintenance event, a lower sale price and a delayed exit separately. Show the resulting annual cash, remaining balance and exit proceeds. A sensitivity is not a forecast; it explains exposure. Avoid assigning invented probabilities or presenting the worst case as mathematically complete. Actual risks can interact in ways a simple model cannot capture.

Evaluate the resale assumption separately

Ask why the owner expects to sell and what could change that timing. Business changes, mission changes, finance maturity and maintenance events can all influence the decision. Use several possible exit dates rather than one convenient assumption. The purchase should remain supportable if selling takes longer than expected. A projected residual value is not a commitment from a future buyer or a substitute for liquidity.

Preserve complete maintenance and ownership records, major-work documentation and program status. A buyer will need evidence of what aircraft is being purchased and what obligations remain. Manufacturer program transfer conditions and lender releases should be reviewed before a sale becomes urgent. Do not promise a resale premium from a maintenance program, cabin refresh or upgrade without suitable transaction evidence for the actual aircraft.

Your decision worksheet

Budget by category and count each expense once. Keep a reference date and source beside every quote. Preserve the low-use case as well as the expected case.

For each line, record the known facts, the evidence or quote supporting them, who is responsible for confirmation and the next action. Date each entry so that a later reader can distinguish a current quote from an old assumption.

Planning item	Evidence to gather	Decision to record
Annual flight hours and basis	A dated source, quote, agreement or adviser response	Confirmed / provisional / action required
Crew, hangar, insurance and fixed costs	A dated source, quote, agreement or adviser response	Confirmed / provisional / action required
Fuel unit, price and burn assumption	A dated source, quote, agreement or adviser response	Confirmed / provisional / action required
Maintenance and hourly program charges	A dated source, quote, agreement or adviser response	Confirmed / provisional / action required
Uncovered calendar events	A dated source, quote, agreement or adviser response	Confirmed / provisional / action required
Annual debt service	A dated source, quote, agreement or adviser response	Confirmed / provisional / action required
Acquisition and annual tax allowances	A dated source, quote, agreement or adviser response	Confirmed / provisional / action required
Downside utilization and resale scenarios	A dated source, quote, agreement or adviser response	Confirmed / provisional / action required

Before you commit

Resolve material unknowns with the professional responsible for that subject before taking the next irreversible step. Keep aircraft technical acceptance, lender requirements, insurance and tax advice distinct in the transaction file.

Use the related calculators to compare a base case with a less favorable case. Bring the complete inputs and assumptions into the next conversation, rather than relying only on the headline result.

Your next-step checklist

- ☐ Annual flight hours and basis
- ☐ Crew, hangar, insurance and fixed costs
- ☐ Fuel unit, price and burn assumption
- ☐ Maintenance and hourly program charges
- ☐ Uncovered calendar events
- ☐ Annual debt service
- ☐ Acquisition and annual tax allowances
- ☐ Downside utilization and resale scenarios

Working notes & adviser questions

Budget by category and count each expense once. Keep a reference date and source beside every quote. Preserve the low-use case as well as the expected case.

Record a decision, the supporting evidence, the responsible adviser and the next action. Keep a copy with the dated transaction file.

Before the next commitment

What would change the decision? Which condition could delay closing? What additional cash would be needed in a less favorable case?

Sources & next steps

14CFR61.58 Pilot-in-command proficiency check

Insurance and Risk Management

Budgeting to Own an Aircraft

Operating Costs and Financing

AIM Safety of Flight: Potential Flight Hazards

ESP Maintenance Program

ProAdvantage Programs

Understanding Owner/Mechanic Roles and Responsibilities

AOPA original loan-structure explanation

Clear Title

The complete HTML edition uses the same structured content and is available at </ownership/aircraft-ownership-cost/>. Primary sources support the relevant facts; original planning frameworks and examples remain illustrative.

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Submit a deal or arrange a financing call

Email an initial deal summary to jason@jakenaviation.com or call 833-264-7776. Include the aircraft, purchase price or value, financing request, available equity, intended use, California connection and timing.

Use the appropriate secure channel for sensitive supporting documents. Any lender decision requires separate review, documentation and current terms.

Request a financing call

Explore documented program information