



What is Fractional Ownership of sailboats and power yachts?

This article explains the simplicity of fractional ownership in the internet age. People have been sharing sailboats and yachts for thousands of years. What stands out in this age is the ability to apply a few simple technological tools to make the fractional sharing of a sailboat or any other vessel a pleasant and financially intelligent experience.

Simple stated, fractional ownership of a sailboat or power yacht is multiple people owning and sharing a vessel where they each collectively don't use 100% of the time. In fact the reality is most people use their sailboat 3-4 times per month. If each trip is an average of 6 hours then the real percent time being used is 3% each. It's simply financially smart to allow some other portion of the 97% of the sailing time remaining to be used and paid for by other owners of the sailboat in the same position as you.

In designing a fractional ownership program there are many factors to consider and a good fractional sailing or boating ownership program will have thought through and experienced all the variables.

The variables are:

- How do you arrange the scheduling of the sailing times?
- How do you keep a cleanliness standard on the boat?
- How is the boat maintained and where is the incentive to maintain the boat?
- How is the financial management of the sailboat performed?
- What is the audit procedure for these financials?
- What is the legal structure of the fractional ownership?
- What is the exit strategy or shut down procedure of the partnership?
- How and when is the boat sold on the used boat market?
- What is the education standard that the fractional owners adhere to?
- How is sales support handled?
- Is there a formal legally binding and written expectations and agreements document between the owners?
- What are the independent enforcement procedures to ensure adherence to the agreement?

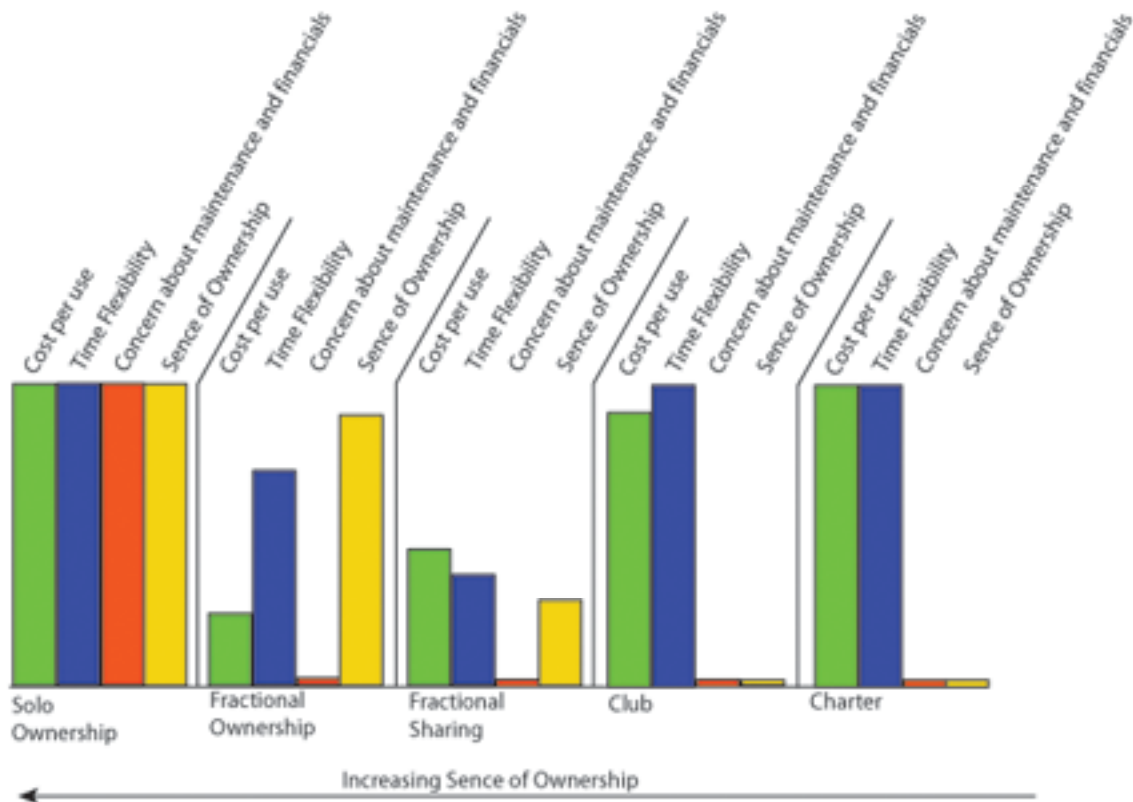
How Beneteau Fractional Ownership comes in as the strong leader in this market is the systems and the team of professionals assembled to professionally put together and manage the fractional ownership program. The team consists of Grant Headifen with Nautic7, widely considered as the founding father of fractional sailboat use. He founded the concept of internet scheduling for sailboats in 2001, then started, operated and grew the SailTime company to 30 franchises world wide. He then sold

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out of SailTime in 2007, to join the Beneteau Team. "The Challenge that Beneteau presented to me", Headifen says "was to design and build the world's best fractional ownership program for midsize non-crewed sailboats using the 7 years of experience that I'd gained by growing out the SailTime company and understanding all the traps and pitfalls along the way and to design them out of the new system".

The Beneteau team also consists of Professional Beneteau Dealerships who have the vast experience of sales and service support of Beneteau sailboats and power yachts for many years.

Fractional Ownership, Solo ownership, clubs, fractional sharing and chartering can all be drawn on a linear scale. Each position on the scale has its own merits and place in the market. A consumer can simply decide where they would like to position themselves along that linear scale. However, there is always a hidden innate force to move towards the left side of the scale. We all want to own our own vessel. In getting there we just need to make smart and informed decisions along the way.



Advantages	Disadvantages
Solo Ownership	
All the time is yours giving the ultimate flexibility	All the costs are yours
No body else to answer to	All the maintenance time is yours
Possible 2 nd home tax deductions	All the depreciation costs are yours

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Local Fractional Ownership	
All the costs are divided	Schedule is not always available
Maintenance is done by professionals and costs are divided	Extended, month long trips are difficult to organize.
Depreciation costs are divided	
Possible 2 nd home tax deductions	
New fully loaded sailboat with most upgrades included	
Concierge Financial management of sailboat	
Destination Fractional Ownership (eg British Virgin Islands)	
All the costs are divided	Schedule is not always available
Maintenance is done by professionals and costs are divided	Can only use boat when you go on vacation
Extended, month long trips are available.	High cost if you don't take vacations very often
Depreciation costs are divided	
Possible 2 nd home tax deductions	
New fully loaded sailboat with most upgrades included	
Extremely low cost compared to charter and solo ownership as long as you use your allotted time	
Fun fun fun vacations	
Low responsibilities as destination base manages your sailboat.	
Fractional Sharing (Much like a club except sharing is limited to one boat only)	
One predictable monthly fee	Limited time as usually there are 8 or more people sharing one boat.
Maintenance done by others	Extended sailing trips are impossible
No upfront purchase cost	No 2 nd home tax deductions
Usually newer boats are used	Base not incentivized to perform maintenance as it is a cost line item to the base
Seasonal commitment level	Cost is more expensive than ownership because base needs to make profit off its members each month
Club (Low annual fee and per use charter type fee)	
Pay as you play	Less likely to take boat out due to cost each and every time (cheaper to take the family to the movies mentality)
Usually a large fleet of boats to choose from therefore availability is high	Maintenance of fleet is sometimes an issue (some clubs are very good)
	Night sailing is usually prohibited

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Charter (Charter bases in Caribbean, Mediterranean, Pacific etc)	
Ultimate flexibility	High per day use cost (lower cost if you bring friends)
Fun fun fun vacations	Night sailing usually prohibited
No responsibilities	Your sailing limited to when you go on vacation
Location flexibility. See the world.	
Most bases are professional operations	

There are a few other ownership type options to consider. Clubs, Fractional sharing companies and charter companies offer an ownership type option where by they lease the boat from you and place into their fleet. This has its advantages and disadvantages also. The advantage being is that your cost of sailing is reduced over full solo ownership. The greatest disadvantage is that the depreciation is fully paid for by you as the 100% owner. If a \$300,000 boat depreciates 40% over 5 years then your real actual cost is \$120,000 which is \$24,000 per year. While some companies claim you can recover some of this with tax depreciation incentives, the simple tax test on this that will be applied by the IRS is ... did you buy this to make a profit? In most cases the answer is NO. Look at the business plan of how you would make a profit. If it is impossible to make a profit via guaranteed monthly payments to you then more than likely you're going to get that green audit letter in the mail from the IRS with penalties and back taxes owed. Being actively involved in the business is not enough. You must have a business plan to make a profit. Despite this some companies will encourage you to claim depreciation. Just ask your accountant to look at the business plan. Can you make a profit? If not then steer clear of questions from the IRS and don't claim the depreciation. However, a 2nd home deduction on the interest paid is certainly more legitimate and something to look at and confirm with your accountant.

What we believe is that when you lay out all the numbers on the table, fractional ownership balances out the best in terms of cost and flexibility. With a 4 person fractional ownership plan, your depreciation cost is split by 4, the total time available is divided by only 4 giving you access to 7 full days and nights every 4 weeks. Or with a 10 person destination location fractional ownership plan such as in the British Virgin islands you get 4 weeks per year with the actual boat depreciation cost divided by 10. The only issue to consider there next is can you get down to the islands at least 2-3 times per year? This all compares to a sailing club type situation whereby the operation has to make money every month to stay in business. While there is nothing wrong with people making money for service provided, the question consumers should ask is what's my best bang for the buck? And a 4 person Fractional Ownership plan stacks up at about 30% more expensive than a plan with 8 or 10 people sharing a vessel. Or in real terms 35% less expensive when you normalize out the person ratio vs time available.

The next consideration with a fractional ownership plan is how the systems have been put in place to answer the following question assuming that you are looking for a quality experience.

How can I feel as much as possible that I have complete ownership of the sailboat and have it concierge serviced for me at an affordable price?

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One quick answer is the Beneteau Fractional Yachting systems sheet which you can download from the learn more page on the beneteaufractional.com website.

Upon reading the Systems sheet, the investment in your fractional ownership experience from Beneteau is obvious.

- (1) An online scheduling system which makes you feel as much as possible that you have full control of the schedule. Reserve a morning, an afternoon or an evening. Stack those reservations together to get extended times out. Take a whole weekend every month. Take a whole week every month. A half week here a half week there. What ever you want. The system prevents everyone however from reserving in advance more than a combined weeks worth of time in any 4 week period ie $\frac{1}{4}$ of the time. However another nice feature which makes the Beneteau scheduler world leading is the ability to reserve any time that is available within 24hrs for free, to be able to swap reservations with others and go on a wait list if he reservation is already taken. You can cancel and rebook at any time with no penalty. You can book up to a year in advance.
- (2) The onboard internet connected PDA which reports the cleanliness condition and maintenance condition of the sailboat back to the central server whereby emails are directed out accordingly. This solves 98% of the messy boat issues associated with fractional sharing of a vessel. The maintenance concierge service personal are also directed automatically to fix the boat at any time should something need attending to. This keeps your boat in top operational condition.
- (3) The Concierge Financial Manager looks after the financial affairs of the boat. In this manner, owners who don't necessarily know each other can feel confident about the payment of bills and keeping everything straight via a third independent party.
- (4) Concierge Maintenance is performed automatically in the background. Checking and maintenance of every mechanical and electrical system is performed and attended to. We'd venture to say that not many boats in the world are given this level of service yet it's one of the most important functions in terms of keeping a sailboat's resale value high.
- (5) Thoroughly researched legal ownership agreements. A good legal document costs thousands of \$ to put together. The ownership agreement must be spelled out in laborious detail so that all expectations are written and adhered to. Half way through a fractional ownership term is not the time to be figuring out that each owner had different expectations.
- (6) Sales and service support is performed by an experienced marine personal who has years of experience. With Beneteau Fractional Yachting the standard of acceptance to become a dealer is high.
- (7) Education requirement. It's important for you to know that the other fractional owners in your boat are trained and competent. Beneteau's support of the [NauticEd](#) online sailing training company is paramount to this. Each owner must pass the NauticEd skipper course and be certified practically by a local qualified training Captain.

What is Fractional Ownership of Sailboats and Power boats?

In performing your diligence on fractional ownership of sailboats we hope that this article was helpful. While it is slightly one sided, we believe it is that way for good reason. Simply stated, if you're serious about having a great experience in a boat and using it often then:

- (1) The Beneteau brand of sailboats is the way to go.
- (2) Fractional Ownership will get you there in the least expensive manner.
- (3) Concierge services will provide you with ease of mind
- (4) The Beneteau Fractional Ownership program has been designed from years of experience and is simply the best way to get on the water that we've seen.

Fill out the Learn More form or talk to your Beneteau Fractional Ownership dealership now!