

SAILPLANE LEASING PLAN

by CAMERON KIRBY

Although relatively new in the soaring field, leasing of airplanes by both airlines and business concerns has been a time-proven system of having the right airplane at the right time at the most advantageous cost. Over \$10 million worth of aircraft were leased to companies and individuals through professional leasing companies last year (not including leasing done directly by plane manufacturers or leasing to commercial airlines).

Leasing is preferred in many cases because working capital is preserved for other uses, normal bank lines of credit remain undisturbed, equipment can be obtained immediately and put to work at once, and any problems of reselling after the need for the equipment passes are eliminated. Of these, the freeing of working capital for more profitable use is the nub of the special advantage offered by leasing.

In sailplane leasing, we find three major users. The first (and most alert to the potential) is the commercial operator, another is the club or group, and the third is the individual. It might be good to study each.

The commercial operator who is perhaps a dealer and who runs a commercial flight training school, often leases or rents a towplane, often "with pilot," from another local fixed base operator. This saves the sailplane operator from maintenance, repair, and insurance costs, since these are included in his rental fee, and "with pilot" relieves him from payroll, social security, unemployment insurance, etc., bookkeeping. In addition, he pays for the towplane only when he needs it. The towplane owner benefits from additional use of his equipment and higher utility per year.

The same thing can apply to sailplane leasing. During periods of high activity (in the summer in the North, in the winter in the South) the operator can use (and have to pay for) and additional sailplane only when he needs it most. In the case where an operator damages his school ship, an immediate replacement can be leased for the remainder of the season.

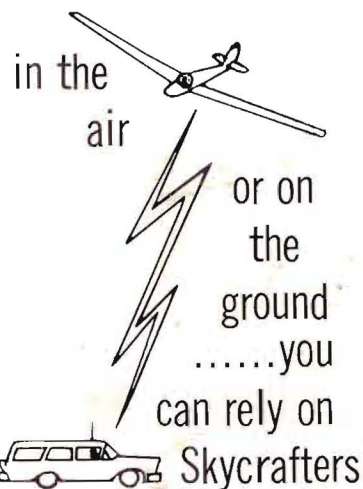
Advantages of leasing are appealing to the club or group. Many clubs around the country are now earth-bound because they need a Schweizer 2-22C for member instruction and

solo checkout, but recognize that they will eventually want the higher performance challenge of the single-place Schweizer 1-26. Each of these sailplanes cost over \$3500. With the lease plan, the club can get going immediately with a 2-22C with practically no initial investment, and save any capital it may have for a down payment on a 1-26. The group may outgrow its need for the 2-22C (although experience has shown that clubs that start with a 2-22C are reluctant to part with it, because it is an incentive to bring in new members and the club always seems to find a need for the two-place ship). The six-month lease to one year lease is ideal for the group that wants to preserve its capital for a 1-26 or the upcoming Schweizer 2-32 high-performance, two-place sailplane, but still needs the use now of the sturdy, docile, dependable 2-22C.

For the individual, several savings become apparent when considered in view of the tax structure. On a long term (7 to 10 years) he may realize a better financial position in leasing rather than direct ownership. These must be discussed in detail between the leasing company and the individual, since each case varies.

Rates for leasing vary, the general rule being that the longer the term of the lease, the lower the monthly or annual rate. For six months to one year periods, \$150 per month is about the minimum, since the sailplane, trailer, and insurance are all included. This makes the cost of a 2-22C, for example, about 50c per day for each of a 10-member club.

(Editors' note: Mr. Kirby is affiliated with Donald A. Mosher's authorized Schweizer dealership, S.O.A.R., Box 18, Savoy, Ill. This article was prompted by one in the January issue on the same subject. Mr. Kirby points out that most Schweizer dealers across the country can be of service in leasing sailplanes. S.O.A.R. would be happy to discuss any individual situations concerning leases and can usually tailor leases and rentals to particular needs.)



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