

Value of a Time-share

Worksheet

Step 1: Determine the **cost of your Time-share** in dollars per point

Divide the amount you paid for your time share by the number of points you can use annually

$$\frac{\$ \underline{\hspace{2cm}}}{\text{Cost of time share}} \div \frac{\underline{\hspace{2cm}}}{\text{Number of points}} = \underline{\hspace{2cm}} \text{ Dollars per point}$$

Step 2: Determine the **Redemption value** of a Point

Divide the cost you would pay in dollars by the number of points it takes for the accommodation

$$\frac{\$ \underline{\hspace{2cm}}}{\text{Cost per night in dollars}} \div \frac{\underline{\hspace{2cm}}}{\text{Cost per night in points}} = \underline{0. \hspace{1cm}} \text{ Dollars per point}$$

Step 3: Determine the **annual fees** in dollars per point

Divide the total annual fees you pay by the number of points you have

$$\frac{\$ \underline{\hspace{2cm}}}{\text{Total annual fees}} \div \frac{\underline{\hspace{2cm}}}{\text{Number of points}} = \underline{0. \hspace{1cm}} \text{ Dollars per point}$$

Step 4: Determine the **net value** of a point

Subtract the annual fees (step 3) from the value of a point (step 2)

$$\frac{\$ 0. \underline{\hspace{1cm}} \text{ /point}}{\text{Redemption Value}} - \frac{\$ 0. \underline{\hspace{1cm}} \text{ /point}}{\text{Total annual fees}} = \underline{0. \hspace{1cm}} \text{ Dollars per point}$$

Step 5: Determine the **annual return** of your Time-share investment

Divide the net value of a point (step 4) by the amount paid per point (step 1)

Then multiply by 100% to get your answer in percent

$$\left(\frac{\$ 0. \underline{\hspace{1cm}} \text{ /point}}{\text{Net redemption value}} \div \frac{\$ \underline{\hspace{1cm}} \text{ /point}}{\text{Cost of Time-share}} \right) \times 100\% = \underline{\hspace{2cm}} \% \text{ Annual return}$$

Value of a Time-share

Example

Step 1: Determine the **cost of your Time-share** in dollars per point

Divide the amount you paid for your time share by the number of points you can use annually

$$\frac{\$ 50,000}{\text{Cost of time share}} \div \frac{5,000}{\text{Number of points}} = \underline{\quad 10 \quad} \text{ Dollars per point}$$

Step 2: Determine the **Redemption value** of a Point

Divide the cost you would pay in dollars by the number of points it takes for the accommodation

$$\frac{\$ 400}{\text{Cost per night in dollars}} \div \frac{1,330}{\text{Cost per night in points}} = \underline{\quad 0.30 \quad} \text{ Dollars per point}$$

Step 3: Determine the **annual fees** in dollars per point

Divide the total annual fees you pay by the number of points you have

$$\frac{\$ 1,000}{\text{Total annual fees}} \div \frac{5,000}{\text{Number of points}} = \underline{\quad 0.20 \quad} \text{ Dollars per point}$$

Step 4: Determine the **net value** of a point

Subtract the annual fees (step 3) from the value of a point (step 2)

$$\frac{\$ 0.30 / \text{point}}{\text{Redemption Value}} - \frac{\$ 0.20 / \text{point}}{\text{Total annual fees}} = \underline{\quad 0.10 \quad} \text{ Dollars per point}$$

Step 5: Determine the **annual return** of your Time-share investment

Divide the net value of a point (step 4) by the amount paid per point (step 1)

Then multiply by 100% to get your answer in percent

$$\left(\frac{\$ 0.10 / \text{point}}{\text{Net redemption value}} \div \frac{\$ 10 / \text{point}}{\text{Cost of Time-share}} \right) \times 100\% = \underline{\quad 1 \quad} \% \text{ Annual return}$$

For plunking down \$10 per point, you get back only 10¢

This is a 1% annual return on your investment.

Is this good use of your \$50,000?