

A Word on Timeshare/Travel Club Memberships

A guide for the average traveler

by Steve Cousino, ACC, CTA, LS

updated September 2012

In recent years, travelers to vacation hotspots like Cancun, Mexico, Orlando, Florida, and Branson, Missouri have encountered an interesting situation: they are invited to attend a timeshare or travel club presentation. For some, these invitations come while they are already on vacation; others are invited to visit these areas specifically to attend the presentation (a tactic known as a mini-vacation, or mini-vac). Some invitations are geared towards specific groups of people, for example offering a 'free honeymoon' to a newlywed couple if they attend the presentation while vacationing. In general, these types of offers are extended to married couples of a certain income threshold, usually around \$50,000 per year or more.

While many of the companies who promote timeshares and travel clubs are legitimate companies, it is important that travelers understand how these presentations and the incentives offered to attend them work. While on vacation, the traveler's guard is down more than usual and being prepared for this situation is important to avoid emotional and financial heartache later.

When someone buys a **timeshare** they are essentially purchasing a slice of a condominium development or resort property (along with countless others) and are sharing the time spent in it. Depending on the sale itself and a host of other factors, there are many ways a timeshare can be structured. The most common way is for the owner (as the buyers are called) to receive an allotment of points that can be traded in for a stay at the property. They can also be exchanged for a stay at another property within an affiliated network (the two big ones are Resorts Condominiums International (RCI) and Interval International (II)).

A **travel club** promises discounted travel arrangements for members who book their travel with a specific travel agency or fulfillment center. These discounts are usually for hotel stays, cruise vacations, and other forms of travel.

Timeshares and travel clubs are sold at a live presentation of some kind, usually involving high-pressure sales tactics. These presentations usually last from 90 minutes to 3 hours in length. Almost always, attendees have very attractive incentives to attend, including discounted and/or free hotel rooms, getaway packages, live entertainment, attraction admission tickets, or prizes.

Is a Timeshare or Travel Club Right For You?

It is important to understand that travel clubs that promise discounted rates on travel usually do not provide the types of discounts showcased in presentations on a regular basis. The biggest discounts come on last minute arrangements, so if you need to request time off work or plan ahead more than a couple of weeks, you will likely not realize the benefits of a travel club membership as presented. In addition, many travel suppliers have instituted rules and policies that prohibit offering their product (whether a cruise or an all-inclusive resort stay) for less than they price it themselves.

Most often, travel club memberships do not work the way travelers travel. For example, the traveler may seek a cruise vacation, and the travel club may be able to provide a lower cost than a typical travel agency. However, many times the customer service is abysmal or non-existent, and after taking payment the traveler is left with no support akin to that offered by a professional travel consultant. The biggest slice of a traveler's budget is usually allocated to airfare, which is usually never discounted, and many travel club purchasers join with the intention of obtaining lower airfare to visit Aunt Helen in Michigan and are incredibly upset when this is not possible.

When considering the incentives to attend a presentation, it's important to use common sense. It's likely that discounted rates at a live show in Myrtle Beach, South Carolina or a free mini-vacation in Hawaii are legitimate incentives. Some companies offer a new car, or a new boat, or even a full-on luxury vacation. Bear in mind that everyone who attends the presentation is offered the same incentives – no company can afford to give each potential customer a new car just for considering their product.

Travelers who are given a 'mini-vacation' (usually a 4-7 night stay wherever the presentations are conducted) often have no say in the details of the package. They are given rooms in a specific hotel property with no option to change to another hotel if they are displeased. These hotels are often 1 or 2 Star properties, if any. The conventional thinking is if the traveler stays in a 1 star property, then tours a 5 or 6 star resort, they will begin dreaming of where they COULD stay and compare that to where they ARE staying, and are more likely to buy. Sadly, this psychology works too well.

For newlyweds on their honeymoon, or anyone with specific requirements for their hotel stay, this is something to be avoided. Honeymoons are once-in-a-lifetime vacations that should be planned by a qualified travel professional with the best interests and needs of the newlyweds in mind. Also consider that while on a honeymoon, who wants to spend 3 hours attending a timeshare or travel club presentation?

Travel clubs and timeshares are often considered scams, because purchasers feel misled by the sales staff. Sometimes this is true, other times it's a case of the mind making assumptions and questions not being asked properly. Remember, while on vacation, it's normal for the traveler's guard to be down and they are more likely to make decisions they may not otherwise make.

Timeshares and travel clubs are not for everyone, and if you feel they are not for you or you aren't sure, here are some tips to help travelers avoid timeshare and travel club scams.

1. No matter what "deal" you are presented with, do not commit to purchase a timeshare or travel club membership while at the presentation. Take the material home and give it due diligence at home to consider if the deal offered is a good one for you. An ethical salesperson will allow you to do this, knowing if the deal is good for you, you will buy, even if it is a week or a month down the

- road.
2. Typically, prizes or incentives come with fine print. Read it. If asked to pay for something, such as show tickets at a discounted rate, decline the offer.
 3. Read the contract that outlines the timeshare or travel club purchase, and have it reviewed by an attorney. If the salesperson promises you something as a condition of sale, and it isn't in the contract, don't sign the contract until it is!
 4. If the presentation is too high-pressure, leave. You have every right to leave when you want. Simply stand up and politely say, "thank you very much, but we're leaving now." Then go – don't let them argue with you.
 5. Consider a timeshare the same way you would consider any other real estate investment. Do research and educate yourself on the market and the value. Keep in mind that if you wish to sell your timeshare later, you will find it almost impossible to do so. If you manage to find a buyer, you will never recover your full purchase price.
 6. If you decide to attend a presentation, refrain from doing so on a honeymoon or other special occasion type of vacation. While on vacation, your guard is down, but on a honeymoon or other similar trip, your guard is down even more so.
 7. With regards to travel clubs specifically, use common sense when considering the discounts offered by the membership. Many travel clubs promise 50% off airfare prices, or 50% off cruise vacations. Many times this is extremely difficult to obtain, if not impossible, and any discounted rate is likely to be complicated mathematically, and usually results in a true discounted rate of 5-10%. There may be times when a travel club can beat the price offered by a qualified professional travel consultant – however, a lower price does not mean you will receive a better quality product or experience, and makes no attempt to match the typically high level of customer support provided by travel professionals.