



## WHY LEASE EQUIPMENT INSTEAD OF BUY?

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Each year the value of equipment leases exceeds \$100 billion. According to the Equipment Leasing Association, 80% of all American businesses lease all or a portion of their equipment. Business owners and financial executives recognize the value of equipment leasing, instead of purchasing.

### **LEASING CONSERVES WORKING CAPITAL.**

Leasing is a means of 100% equipment financing that frees working capital for investment in more appreciating assets. It assists your company in maintaining liquidity by eliminating the need to make large expenditures for needed equipment.

### **LEASING PROVIDES FLEXIBILITY.**

Companies have different needs, different cash flow patterns, different - sometime irregular - streams of income. For example, start-up companies typically have limited cash and debt lines. Mature companies might have other needs: to keep debt lines free, to comply with debt covenants, and to avoid committing to equipment that may quickly become obsolete. Therefore, your business conditions - cash flow, specific equipment needs, and tax situation may help define the terms of your lease. Moreover, a lease provides the use of equipment for specific periods of time at fixed rental payments.

### **LEASING INSURES AGAINST OBSOLESCENCE.**

When you lease, your risk of getting caught with obsolete equipment is lower because you can upgrade or add equipment to best meet your needs.

Further, your equipment needs can change over time due to changes in your company, such as diversification. Leasing allows you to stay on the cutting edge of technology. Remember...profits are generated by the *use* of equipment not by *ownership*.

### **LEASING OFFERS TAX ADVANTAGES.**

Lease payments are 100% tax-deductible business expenses. Leasing keeps you from dealing with depreciation schedules and simplifies expensing your equipment.