

Leasing Benefits

The six key benefits to leasing:

- 100% financing: No down-payment means your equipment needs are met without delay.
 - Low, easy-to-handle payments: Improve your working capital and preserve your line-of-credit with no heavy cash outlay or loan payment to affect your borrowing power.
 - Tax benefits: Leasing is considered an operating expense and in most cases you can write off 100% of your payments.
 - Easy budgeting: Bookkeeping is simplified with one monthly or quarterly fixed payment.
 - Flexible financing: The length of your lease, its terms, and payment schedule can be customized to match your cash flow.
 - Protection from obsolescence: Expand or upgrade your equipment with minimal adjustments to your monthly payments. Let your equipment pay for itself. Leasing provides you with the use of equipment for an agreed upon payment. You pay for equipment as it is being used to generate revenue rather than cash upfront. This helps maximize the matching of income to investment.
 - Tax Advantages. Lease Payments may be fully deductible as a business expense. Leasing can also help you avoid Alternative Minimum Tax (AMT) liability.
 - Minimize Balance Sheet Liabilities. Lease payments may be eligible for "off-balance sheet" treatment, where items are treated as expenses rather than Assets and Liabilities, improving financial ratios.
 - Finance "Soft Costs". You may be able to include some or all of the expenses associated with equipment use, such as shipping, installation, or maintenance, into the lease agreement.
 - Preserve Lines of Credit. Leasing will not tie up valuable lines of credit you may need for expenses or to fuel growth and expansion.
 - Flexible Payment Options. Leasing allows you to design payment structures to meet budgetary requirements or seasonal cash flows. Lease terms can range from 12 to 60 months with flexible renewal options.
 - Flexible End-of-Lease Options. At the end of your lease, you can purchase the equipment according to the predetermined purchase option, upgrade to new equipment, renew the lease at substantial savings.
- Lease vs. Loan Comparison**
- Loan:** A loan requires the end user to invest a down payment in the equipment. The loan finances the remaining amount.
- Lease:** A lease requires a minimal initial investment and finances only the value of the equipment expected to be depleted during the lease term. The lessee has an option to buy the equipment for its remaining value at lease end. By signing the lease, the lessee assigns his or her purchase rights to the lessor, who already owns or who then buys the equipment as specified by the lessee. When the sign(s) are delivered, the lessee formally accepts it and makes sure it meets all specifications. The lessor pays for the equipment and the lease takes effect.
- Loan:** A loan usually requires the borrower to pledge other assets for collateral.
- Lease:** The leased sign itself is usually all that is needed to secure a lease transaction.
- Loan:** A loan usually requires two expenditures during the first payment period; a down payment at the beginning and a loan payment at the end.
- Lease:** A lease requires only a lease payment at the beginning of the first payment period which is usually much lower than the down payment.
- Loan:** The end user bears all the risk of equipment devaluation because of new technology.
- Lease:** The end user transfers all risk of obsolescence to the lessors as there is no obligation to own equipment at the end of the lease.
- Loan:** End users may claim a tax deduction for a portion of the loan payment as interest and for depreciation, which is tied to IRS depreciation schedules.
- Lease:** When leases are structured as true leases, the end user may claim the entire lease payment as a tax deduction. The sign equipment write-off is tied to the lease term, which can be shorter than IRS depreciation schedules, resulting in larger tax deductions each year. The deduction is also the same every year, which simplifies budgeting.
- Loan:** Financial Accounting Standards require owned equipment to appear as an asset with a corresponding liability on the balance sheet.
- Lease:** Leased assets are expensed when the lease is an operating lease. Such assets do not appear on the balance sheet, which can improve financial ratios.
- Loan:** A larger portion of the financial obligation is paid in today's more expensive dollars.
- Lease:** More of the cash flow, especially the option to purchase the sign, occurs later in the lease term when inflation makes dollars cheaper.