

Principal Capital

Why Lease Your Equipment?

Leasing is the **FASTEST GROWING** external financing tool in the United States. A full 71 % of companies recently surveyed by Gallup utilize lease financing.

Leasing is Flexible. Lease Agreements can be tailored to meet the needs of your company and the transaction, so that the aspects most important to you are maximized, whether its tax advantages, cash flow, flexible buyout, variable payment levels, or other considerations.

Leasing Expands Your Credit Resources. Existing banking credit lines are not utilized, leaving them available for working capital and other operating needs. You are able to expand productivity and at the same time maintain your competitive flexibility by financing your equipment.

Leasing May Improve Taxes. You may be able to deduct your lease payments as an operating expense, rather than depreciating over a long period. This can result in a lower real cost to you on a Present Value Basis. Leased Equipment is not listed as an asset until you purchase the equipment at the end of the lease nor is it listed as a liability against your personally.

Effective Lease Rate. To compare this rate with a loan interest rate, you must include in the cash flows any effect the transactions have on federal tax liabilities. It is better to compare monthly payments than to try and compare interest rates with lease rates. On a cost-of-capital basis, leasing is often the most cost effective option. Always consult your tax advisor.

Return on Operating Capital. Using Dun & Bradstreet's figures, you typically earn 12 % on every dollar of working capital retained in your business. With lease financing you maximize the amount of working capital maintained.

Convenience of Lease Financing. Leasing allows you to better manage technology cycles. In addition, you have the flexibility to include delivery fees, technical services, training as well as maintenance and any other soft cost in your lease payment. In other words, leasing is truly 100% financing. A UCC is only placed on the equipment being leased unlike a typical loan with your bank where, chances are, a blanket UCC may be filed on your entire company.

Save time and close more sales by contacting your Principal Capital Account Representative today at: (866) 296-3031.



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