

## ADVANTAGES/DISADVANTAGES OF 3 DIFFERENT METHODS TO ACQUIRE EQUIPMENT FOR YOUR BUSINESS

Advantages		
LEASING	BANK LOAN	CASH
<ul style="list-style-type: none"> <li>* Payment can be expensed</li> <li>* Frees capital for alternate uses</li> <li>* Hedge against interest rate inflation</li> <li>* 100% financing (No down payment)</li> <li>* Maximum tax benefits</li> <li>* No additional debt on balance sheet</li> <li>* Low monthly payment</li> <li>* Flexible payment plans               <ul style="list-style-type: none"> <li>* Easy add-ons</li> </ul> </li> <li>* Preserves bank lines</li> <li>* Fast turnaround time</li> <li>* No blanket liens</li> </ul>	<ul style="list-style-type: none"> <li>* Customer gets depreciation</li> <li>* Finance charges are tax deductible</li> </ul>	<ul style="list-style-type: none"> <li>* Customer gets depreciation</li> <li>* No finance charges</li> </ul>
Disadvantages		
LEASING	BANK LOAN	CASH
<ul style="list-style-type: none"> <li>* Non-cancelable agreement</li> </ul>	<ul style="list-style-type: none"> <li>* Equipment appears on balance sheet</li> <li>* Extensive documentation               <ul style="list-style-type: none"> <li>* Uses up credit lines</li> <li>* Not flexible</li> <li>* May require compensating balances</li> </ul> </li> <li>* Payment can not usually be expensed               <ul style="list-style-type: none"> <li>* Blanket liens</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>* Equipment appears on balance sheet</li> <li>* Disregards the time value of money</li> </ul>