

# LEASING VS. PURCHASING EQUIPMENT WORKSHEET

Answer the following questions to help determine whether it is better to lease or purchase equipment for your business in terms of:

- ✓ **COST**
- ✓ **CASH AVAILABILITY**
- ✓ **TAX BENEFITS**
- ✓ **OBSOLESCENCE**

<b>COST</b>		
What is the required down payment for the lease or loan?		
What is the length of the lease or loan?		
What is the monthly payment of the lease or loan?		
Are there balloon payments associated with the lease or loan, if any?		
What is the amount of the balloon payment?		
What is the cost of an extended warranty, if you decide to purchase one?		
What is the total cost of the lease or loan (including maintenance and warranties) over its lifetime?		
<b>CASH AVAILABILITY</b>		
Is there sufficient cash flow to handle the monthly lease or loan payments (Answer Yes or No)?		
Are maintenance costs included in the lease or loan (Answer Yes or No)?		
What are the maintenance costs associated with the item?		
What are the insurance costs included in the lease or loan, if any?		
What are the estimated insurance costs associated with the item?		
If business is seasonal, does the lease or the loan fit periods of sufficient cash flow better?		
<b>TAX BENEFITS</b>		
Can the item be depreciated for tax purposes in a lease or loan?		
What is the depreciable life of the item?		
What is the estimated depreciable expense of the item over its depreciable life?		
What is the amount of other tax benefits associated with this item?		
<b>OBSOLESCENCE</b>		
What is the operable lifetime of the item?		
What is the total cost of the item spread over its lifetime (divide cost by lifetime)?		
What is the technological lifetime of the item?		
Will the item need to be replaced due to technological advancement?		
What is the total cost of the item spread over the technological lifetime (divide cost by lifetime)?		