



# Which equipment acquisition method is right for you - especially in a low rate environment?

Many financial missteps happen in good times, but often are not felt until you hit that rough patch in the road. Financial liquidity is vital to an operation and pertinent when taking on major equipment purchases. 100% financing preserves cash and maintains a healthy current ratio, ensuring your business operation is prepared for future uncertainties.

## Cash

Cash is convenient and cost-effective, but takes longer due to lack of liquidity, loss of profit, and inability to purchase more equipment.

### TAX SAVINGS

### CONVENIENT

### LOW FINANCIAL REPORTING

With rates at historic lows paying cash for equipment is not always the best return on your money. Why pay cash for equipment when low rates are available? Deploy your money to other areas of your business that will yield a higher return. Such as bulk or pre-paid inventories or financial investments offering easier access in a time of need.

Paying cash for equipment converts that liquidity into a long term asset making it harder to get back in a pinch.

Financing your equipment on low rate programs preserves cash and maintains a healthy current ratio ensuring your business operation is prepared for future uncertainties.

## Traditional Loan

Loans are helpful if you have a long-standing relationship with bank, but have slow processing times and strict qualifying criteria.

### TAX SAVINGS

Local banks and finance companies often require as much as a 25% down payment. Chasing a low rate with a large down payment is not always the best return on your investment. To lease or finance 100% of the equipment cost allows you to keep your cash.

For example, **4.5%** finance lease on a \$50,000 asset with no down will cost an average of \$1,186 per year in interest over 5-years.

In comparison, a low rate of **3.9%** on a \$50,000 asset with \$10,000 down will cost an average of \$818 in interest per year over that same 5-years.

The lower rate saves an average of \$368 in interest per year. Sounds like a no brainer, right? Unfortunately, a \$368 savings each year on a \$10,000 investment only nets a 3.7% return on your cash down payment.

Going with the **4.5%** rate with **no cash down** can deploy your cash elsewhere in your business operation at a much higher return.

## Lease or Finance

Lease or finance gives you the chance to save cash, acquire equipment sooner, and speak with experts who know your industry.

### TAX SAVINGS

### CONVENIENT

### LOW FINANCIAL REPORTING

### FLEXIBLE PROGRAMS

### EASY UPGRADES

### LIQUIDITY

### 100% FINANCING

When low rates are available its more beneficial to finance the full equipment amount. Utilizing low cost options with no down payment saves cash to deploy in other areas of your business for a higher return.

The side effect of paying cash or large down payment on a loan is investing cash in an asset losing value every day in depreciation.

100% lease or finance options preserves cash for other capital investments that will grow and appreciate over time, ultimately letting your cash do the earning for you! With rates at historic lows the value of leveraging cash in the most efficient way is as important as ever.