

# TECH FINANCIAL SERVICES

Capital Equipment Financing and Leasing Options



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## WHY LEASE?

If you want the newest, most productive equipment, without the hassles of purchasing, leasing may be the answer. Tech Financial Services now offers lease programs with 3- to 7-year terms at competitive rates. These leases can be tailor-made to your company's needs. Leasing has advantages that can help you better manage your company's assets!

## ADVANTAGES OF LEASING

### **Flexibility**

Companies have different needs, different cash flow patterns, different, sometimes irregular, streams of income. Therefore, your business conditions - cash flow, specific equipment needs, tax situation - dictate the terms and conditions of the lease. Regardless of the current interest rate environment, you'll be able to acquire equipment.

### **Protection Against Equipment Obsolescence**

Your risk of getting caught with obsolete equipment is lower, because you can return equipment or secure an upgrade. Moreover, your equipment needs can change over time due to other changes in your company, such as diversification. Leasing helps you keep your options open.

### **Cash Flow Management**

Borrowing reduces lines of credit - leasing keeps your lines of credit open, so you don't tie up your cash in equity. Also, you avoid costly down payments. With other advantages such as off-balance sheet financing, leasing helps you better manage your assets and liabilities.

### **Reduce Cost of Inflation**

Pay for equipment you obtain and use now with tomorrow's dollars.

### **Tax Advantages**

The lessor realizes the depreciation benefits, enabling you to deduct 100% of rental payments as regular operating expenses. Moreover, if you are subject to the alternative minimum tax, you benefit because lease payments are not considered as tax preference items. Please consult with your tax advisor.

### **Convenience in Equipment Management**

By leasing, you transfer the uncertainties of this asset management, which allows you to concentrate on making that asset a productive part of your business.

### **Overcome Tight Budget Limitations**

Because lease payments can be expensed, you don't have to go through the process of approving a purchase.

# TYPES OF LEASING

## **Operating/Tax Lease**

This program is designed for the customer that wishes to expense the total payment monthly. This is commonly known as "off balance sheet" financing. Terms range from 36-84 months with fixed rates well below the prime rate. Per IRS rules, the purchase option must be at fair market value at the completion of the term, or you may return the equipment with no further obligation.

## **Capital/Finance Lease**

This program is designed for a company that would like to retain the tax benefits (depreciation) associated with the purchase of capital equipment. Terms range from 24-84 months and we currently offer a fixed rate based on treasury bills. A fixed purchase option from \$1.00 up to 20% of the original equipment cost is available.

## **Sale/Leaseback**

The Sale/Leaseback allows a company to unlock valuable cash/working capital from equity it may currently have in a piece of equipment. TFS would purchase the equipment and lease the machine back to the original owner, who continues to use the equipment and pay a monthly lease payment. A Sale/Leaseback offers tax advantages to full depreciated assets. Lease payments can be expensed and this transaction may be kept off of your balance sheet.

## **Conditional Sales Contract**

Companies are offered finance contracts to give them the ability to own equipment without using their working capital to do so. Our Conditioned Sales Contract can provide a fixed interest rate or a floating rate based on either treasury bills or the prime rate. Terms vary from 12-84 months, depending on your needs.

Tech Financial Services takes pride in offering customized financing and leasing options for your equipment acquisitions. With over 40 years of combined industry experience we can tailor a program to fit your unique needs and requirements.

At Tech Financial Services straight answers are our only solution.

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