Benefits of Financing

	Cash	Loan	Lease
Cash Flow	Buying has an immediate impact on cash flow by diminishing cash reserves.	A down payment as much as 20% plus collateral and no ability to include soft costs (shipping, maintenance, etc.) means a large cash outlay.	No down payment required. Leasing usually has less impact on cash flow due to lower payments.
Line of Credit	Liquid assets are depleted and may affect credit.	Taps the line of credit.	Does not affect your line of credit.
Equipment Risk	The owner bears all the risk of equipment devaluation and must track obsolescence.	The owner bears all the risk of equipment devaluation and must track obsolescence.	Leasing provides protection against advancing technology.
Asset Liability	Owners must manage asset liability on their books.	Owners must manage asset liability on their books.	Operating lease assets are expensed. Such assets do not appear on the balance sheet.
Rate Risk	Cash should be used for income producing investments.	Banks prefer to loan money on a floating or variable rate tied to prime.	Payments are fixed for the lease term.
Soft Costs	Covering soft costs including installation, training, and software erode cash reserves.	Banks rarely finance soft costs. Cash is needed to cover these expenses.	Leasing may cover all costs so no large cash outlay is needed.
Upgrading Equipment	Owners must manage the disposal/selling of outdated equipment.	Owners must manage the disposal/selling of outdated equipment.	Leasing allows for easy upgrades and you may keep the same payment by extending the lease term.
Tax and Liability	Owners must manage asset liability on their books.	Depreciation is tied to IRS depreciation schedules.	With tax leases, lessees claim the entire lease payment as a deduction. Non-tax leases use accelerated depreciation resulting in larger tax deductions. Tax savings can be substantial.

SCL Equipment Finance
A Division of Southern California Leasing Inc.