

YOUR TRUSTED TELECOM SYSTEM INTEGRATOR

The many benefits of leasing!

Acquiring a new phone system is often an effective way to boost productivity and realize long term cost savings. Financing this investment, however, can be a challenge for many businesses. Leasing can be an efficient and effective financing alternative for managing growth and planning for the build-out, upgrade or replacement of existing equipment and technology, while preserving cashflow.

LEASE, BORROW OR PAY WITH CASH?

The following table better illustrates the benefits of leasing over borrowing to buy or paying with cash:

	LEASE	LOAN	CASH
DOWN PAYMENT	Negotiable, but generally none required—100% financing may be available	10% to 25% value	100% of the cost is deducted from important working capital!
SOFT COST COVERAGE	All soft costs can be financed	Cannot finance labour, maintenance or freight	Requires full payment well in advance of benefiting from the new equipment
PAYMENTS/CASHFLOW	Usually lower monthly payments since a lease has a purchase option at the end of the lease's term of the asset's residual value	Usually higher payments since you must finance the entire balance of the purchase price	Must pay in full
OBSOLESCENCE	Some leases allow for the equipment to be returned at the end of the lease or traded up for newer equipment	Purchaser owns asset and takes responsibility for its obsolescence	Purchaser owns asset and takes responsibility for its obsolescence
TERM AMORTIZATION AND INTEREST RATES	Often the same for these two types of financing		No traditional interest owed
TAX IMPLICATIONS	Lessee may deduct entire lease payment	Purchaser must depreciate asset and may only deduct a portion of the loan payments	No known tax benefits to paying with cash
ACCESSIBILITY	Credit decision made within 4 hours	10—30 days to complete	Immediate ownership

To determine if leasing is right for your company, or for more information and insight, please consult us!

CONTACT US

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Seven reasons why you should consider leasing your phone system:

- 1 Gain 100% financing**—No down payment. Hardware, software, cabling and services can be financed, enabling you to walk out the door with a “total” solution.
- 2 Conserve valuable working capital**—Equipment purchased with cash depletes your working capital. Leasing provides an alternative.
- 3 Acquire ease of budgeting and inflation protection**—Leasing provides an alternative source of financing. This allows you to acquire the equipment that you need without limiting your ability to finance inventories or greater short-term needs.
- 4 Avoid obsolescence**—Leasing allows you to use the equipment that you need over the term in which that equipment will be useful to you. Leasing allows you all the benefits of ownership without the risk of being committed to obsolete technology.
- 5 Enjoy ease of acquisition**—Leasing provides you with the convenience of one-stop shopping. Once you select the equipment, you then decide on the payment terms that best fit your budget.
- 6 Get tax advantages**— Due to accounting and tax treatment of leases, lease may provide some tax-timing benefits to your business. The savings involved will vary depending on the type of equipment, lease terms and your marginal tax bracket. Generally, lease payments can be treated as operating expenses rather than capital expenditures, whereby providing full and immediate deductibility. You should refer to your accountant for advice on potential savings.
- 7 Benefits from self-financing**— Lease payments are often made with the revenues generated or savings realized through the utilization of the leased equipment. As a result, leasing enables you to achieve a “profit” on the new equipment from the first month of usage.

For more information, please contact:

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