

LEASING MADE EASY

A  
NON-TECHNICAL  
GUIDE TO  
LEASING  
FOR BUYERS

How To Use Leasing  
To Get More  
For Your Dollar

published as a service for  
business, commercial and professional users  
of computers / software / office equipment

by

**STUDEBAKER-WORTHINGTON  
LEASING CORP.**

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We're here to help you from  
9:00AM to 8:00PM Eastern Time  
(6:00AM to 5:00PM Pacific Time).

# AN INTRODUCTORY NOTE

The tremendous surge of interest in leasing stems from the realization that you can get a computer, software, a copier, or other equipment... without laying out hard cash, and the tax benefits are substantial.

Is leasing for you? This booklet may supply the "yes" or "no" for you by answering the specific questions that lead to the decision: to buy or to lease.

Possibly, you're already familiar with some aspects of leasing. What you may not know are some recent moves by the more important leasing companies to simplify procedures and make leasing logical for big, medium-size, and small businesses and professionals alike.

What kinds of organizations lease? Commercial, business, and industrial enterprises... professionals... institutions... service companies... government agencies... and non-profit groups and associations. Leasing has become a universal method of conserving capital while acquiring state-of-the-art equipment.

Whether you decide to lease... and whether, if you do, you decide to lease through Studebaker-Worthington or any of the other reputable leasing companies... this booklet may be helpful in making your decision.

Is leasing for you? Read, then decide.

If, after reading this booklet, you have questions about leasing, call us. We'll be glad to answer them.

Sincerely,



Kenneth M. Paston, President  
Studebaker-Worthington Leasing Corp.

## THE CONCEPT

**Q** Why has the American business person suddenly become so conscious of equipment leasing?

**A** Because leasing converts a big cash price to a low monthly payment. You can get what you want, today. And you can get the best without compromise. Plus, there is a terrific tax advantage (keep reading).

**Q** But when I buy equipment, don't I have advantages I wouldn't have if I leased?

**A** There's no advantage to owning, because what you really want is the use of the equipment. The difference: You haven't had to lay out thousands of dollars. Your vital cash and credit lines remain untouched.

**Q** If I have the cash to buy, why should I consider leasing?

**A** Leasing has unique tax and other advantages. It makes good business sense for you to lease rather than buy, regardless of your cash position.

**Q** Do big companies often lease instead of buy?

**A** Yes. Local offices can often avoid the Home Office budget restrictions that prevent them from buying but don't interfere with leasing. A purchase may require several signatures for approval; a

**A** lease usually can be approved locally or within a department.

**Q** How should obsolescence affect my decision to lease or not to lease?

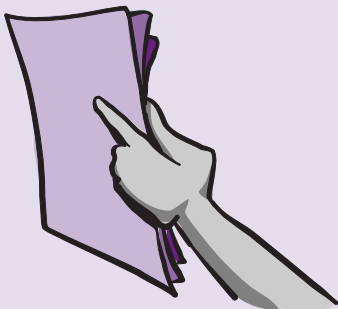
**A** At the end of the lease you have several options, one of which is to return the equipment to the leasing company without further obligation. If the equipment has become obsolete (as happens with computers and “high tech” equipment), you probably will return it. This gives you the perfect opportunity to upgrade to the latest equipment.

**A** I’m a college student. Can I lease a computer?

**Q** Probably not. Most leasing programs don’t cover equipment for personal, household, or family use. They do cover equipment for business, commercial, and professional use whether you conduct your business as a corporation, a partnership, or individually (sole proprietorship).

**Q** Doesn’t a leasing contract involve a lot of paperwork?

**A** Not for you. If you’re dealing with an efficient leasing company, they do all the paperwork. They’ll prepare the documents; all you have to do is sign.



**Q** Does leasing slow down the transaction?

**A** Not at all. Dynamic leasing companies send your documents by overnight courier. Your dealer or distributor already has had a quick go-ahead over the phone, and the equipment is yours.

**Q** Just how does leasing work? What's the procedure?

**A** The leasing company gets some basic financial data from you. A good leasing company notifies you of the credit decision promptly. (Studebaker-Worthington makes credit decisions super-fast, then phones your dealer immediately with the go-ahead.) The dealer delivers the merchandise to you, then sends his invoice to the leasing company.

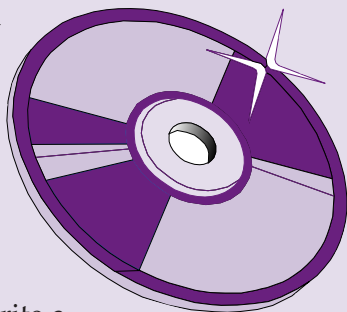
That's the concept. Want to have a look at some of your benefits, including some surprising tax breaks? Read on.

## BENEFITS YOU MAY NOT HAVE CONSIDERED

**Q** Do leasing companies limit the amount of software I can lease?

**A** Most leasing companies severely limit the amount of software, but one leasing company has no limitation. (See the section headed "Who".) Supplies, freight, installation, training, maintenance, and

similar costs can also be included in the lease.



**Q** I've heard the minimum amount on which a leasing company will write a lease is between \$10,000 and \$25,000. Is that true?

**A** If that's what your dealer tells you, suggest he change leasing companies. The leasing company we have in mind (see the section headed "Who") will write leases for a \$1,000 minimum. There is no maximum.

**Q** When leasing, what down payment do I have to come up with?

**A** There's no down payment.

**Q** If I lease a computer or a copier, for example, can I still arrange a standard service agreement?

**A** Certainly. It makes no difference to you or the service organization, either in price or in attention.

You say you did know about these benefits? Then let's move on to some specific advantages leasing enjoys over an outright buy. Please read on.

## SOME IMPORTANT ADVANTAGES

**Q** I have a strong cash position as well as a good line of credit at my bank. Should I lease?

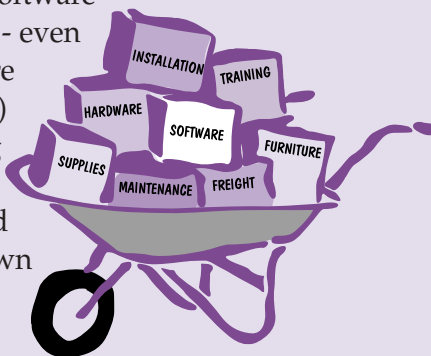
**A** Leasing enables you to leave your cash and line of credit untouched, ready for maximum availability should a business opportunity or an unexpected demand for cash occur.

**Q** What about the tax situation? Which is more favorable, buying or leasing?

**A** When it comes to taxes, leasing has one overpowering advantage. See the next section.

**Q** What can be included in a lease besides the basic equipment?

**A** A responsive leasing company will include every component of the transaction - including supplies, freight, installation, training, maintenance and incidentals. One leasing company (guess which one) lets you include software without limit - even an all-software (no hardware) lease. Leasing is 100% financing, and there's no down payment.



**Q** If I decide, after the lease has been in effect for a while, to add more equipment or software, can I do it?

**A** Yes. Future purchases can be added to the existing lease. The only change is that you'll then make lease payments combining the original and new equipment.

**Q** If we have a high rate of inflation, am I better off buying or leasing?

**A** Leasing is a hedge against inflation: You will have acquired today's equipment with tomorrow's cheaper dollars.

**Q** Can we prepay the lease before it expires?

**A** Studebaker-Worthington permits prepayment.

**Q** Once the lease is written, will the leasing company "adjust" the monthly payments in the future, if interest rates go up?

**A** No. Even if interest rates go sky high, the monthly payment in the lease is all you pay. Bank loans, on the other hand, are often tied to prevailing interest rates, so your payment can increase substantially.

**Q** Is there an advantage to leasing if the equipment is subject to obsolescence?

**A** Yes, a tremendous advantage. At the end of the lease term you can return the equipment to the leasing company without further obligation.

**Q** At the end of the lease, if I want to keep the equipment, what's the procedure?

**A** You can buy it from the leasing company, or you can continue leasing it on a month-to-month basis.

You can see: Leasing has advantages for everyone. And leasing has a dramatic extra advantage. Read on.

## TAX BENEFITS

**Q** You said leasing has a big tax advantage over purchase. What is it?

**A** If your lease is a true lease (Studebaker-Worthington's will be, of course) you can deduct 100 percent of the monthly rental payment for tax purposes.

**Q** You mean I can take a dollar-for-dollar write-off?

**A** Absolutely. A \$200 payment on a lease means a \$200 write-off. If the \$200 were payments on a loan, that wouldn't be true. What an advantage for leasing!

**Q** Does this write-off advantage continue under the present tax law?

**A** Yes, and it's even more valuable because the tax law increases the depreciable life of many kinds of equipment (which means you get an even slower write-off for equipment you buy).

**Q** What do you mean by the phrase “true lease”?

**A** A true lease is exactly what the two words suggest — a lease which isn’t a thinly-disguised sale and which meets other I.R.S. conditions. Be sure the lease plan you choose is a true lease. You don’t want a nasty surprise if the I.R.S. audits you.

You can see how much money a leasing program saves you. Now, time for a little puffery — well-deserved, in our opinion. Consider: which leasing company is best for you?

## WHO?

**Q** Do I deal direct with Studebaker-Worthington?

**A** You can, of course, but most customers prefer to deal with one of the tens-of-thousands of local sellers who work with us throughout the U.S. You choose the seller you want, the equipment and service you want, and the price you want: Studebaker-Worthington provides the lease financing.

**Q** How much paperwork do I have to do with Studebaker?

**A** None. We prepare all the paperwork.

**Q** When you okay my leasing deal, then what?

**A** The dealer delivers the equipment to you. When you sign, indicating that you've accepted the equipment, we'll send full payment to your dealer. The transaction can't be completed until you indicate you're satisfied.



**Q** How much software can I include in a lease?

**A** Many leasing companies sharply limit the amount of software that can be included, but Studebaker-Worthington is unique because it has no limitation. We'll even approve a 100% software lease (no hardware).

**Q** Our firm has buying offices in several states. Do we need a different leasing company in each state?

**A** You might, if you didn't have Studebaker-Worthington. This big, dependable company, which operates nationally, has been doing business for more than a quarter of a century.

**Q** Any closing thought?

**A** Yes: Welcome to the wonderful and easy world of Studebaker-Worthington leasing!

So convenient...  
So logical...  
So easy...

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- computers
- software
- office equipment

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**Seller: Staple your business card here.**