

# BUYING A CAR VS. LEASING A CAR

## BUY

## LEASE



### THE MONEY

Requires **more money up front**, and each month.

Costs **less up front** and each month, so you can afford a more expensive car.



### THE BILLS

Can **pay off your auto loan**, which eliminates a monthly cost.



If you always lease, you'll **make car payments for life**.



### THE COMMITMENT

Have the **freedom** to sell or trade it in whenever.

A **lease contract** is difficult and expensive to break.



### THE DOLLARS AND CENTS

Usually **costs less** than leasing overall, over time.



You can get a **tax break** if you use the car for business purposes.



### THE TIME

It's yours to sell, total, or drive for **20 years**.

Can upgrade to the newest model **every couple of years**.



### AND KEEP IN MIND...

The car's **value depreciates** as soon as you drive it off the lot.



You'll **owe fees** for exceeding annual mileage limits or any damage to the car.

If you want	Then you might consider
A new car every 2-3 years	<p style="text-align: center;"><b>Leasing</b></p> <p>(Leases benefit car owners who plan to switch cars regularly since a long-term commitment isn't required)</p>
To resell the car	<p style="text-align: center;"><b>Buying</b></p> <p>(Buying a vehicle means that you could resell it to recoup some of your payments, whereas leasing doesn't allow for any resale rights since the car doesn't belong to you)</p>
No major repair risks	<p style="text-align: center;"><b>Leasing</b></p> <p>(Because a lease is under a special warranty, the vehicle leaser never has to worry about covering major repairs)</p>
Eventual ownership	<p style="text-align: center;"><b>Buying</b></p> <p>(Leasing a car means you're borrowing it for a period of time, so if you want to eventually own the vehicle, its best to take out a car loan)</p>
Lower monthly payments	<p style="text-align: center;"><b>Leasing</b></p> <p>(Leasing a car means that you don't have to pay a high monthly payment because you're only paying a portion of the cars cost and the interest rates are lower)</p>
Long-term cost savings	<p style="text-align: center;"><b>Buying</b></p> <p>(While a lease could save you money in the short-term because you make low monthly payments, buying the vehicles means you will get to keep the car cost-free after you've successfully completed your term)</p>
A lack of vehicle restrictions (miles and maintenance)	<p style="text-align: center;"><b>Buying</b></p> <p>(When you lease, you must not only stay under a specific number of miles per year, but also keep the car in good condition to avoid wear-and-use charges)</p>

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### **EQUIPMENT BUYING VS LEASING**

	<b>Equipment Lease</b>	<b>Equipment Loan</b>
Requires down payment	No	Yes. Usually 10-15%
Requires collateral	No. Equipment serves as collateral.	Yes. Assets are required.
Can claim tax deductions	Entire lease payment can usually be claimed.	May claim for depreciation and interest.
Impact on balance sheet	Operating lease does not show as an asset.	Shows as an asset and liability.
Impact on cash flow	Payments are spread out over time.	Large down payment and repayment schedule impacts cash flow.
Who takes on the risk when equipment becomes obsolete?	The lessor (leasing company)	The end-user (business applicant)