



Lease Versus Cash

Time Value of Money:

The value of money based on where and when it's invested.

1. **CASH:** Consider investing \$25,000 in a 5 year investment with an average return of 8% (second example shows 15% return). After 5 years, the \$25,000 = \$36,733 or \$50,284 with a 15% return.
2. **LEASE:** In comparison, finance \$25,000 in equipment via a five year lease with a monthly payment of \$517.50 and an end of the lease option of 10%. The cost to lease, not including the 10% option is $(\$517.50 \times 60) = \$31,050$.

Time Value of Money \$25,000

Lease Versus Cash	8% Return	15% Return
Cash Investment	\$36,733	\$50,284
Cost of Leasing	(\$31,050)	(\$31,050)
Gain by Leasing	\$5,683	\$19,234