

All Your Commercial Equipment Needs
From Phone Systems to JETS
\$5,000 to \$\$\$\$\$Millions



Funding Visions Developing Dreams

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Did You Know?

Right-handed people live, on average, 9 years longer than left-handed people.

Moths are unable to fly during an earthquake.

Quotes

"I look to the future because that's where I'm going to spend the rest of my life"

&

"You can't help getting older, but you don't have to get old"
George Burns

Newsletter

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Definitions

Deferred Payment Leases

are for companies that need equipment today but know that it will not generate revenue immediately. Initial payments are deferred 60 to 90 days with only nominal payments (\$50 to \$100) due during this period. Normally one advance payment is collected upfront with the next full payment not due for 60 to 90 days. This payment structure can be used for both FMV and \$1 buyout leases.

WELCOME to the JGI Newsletter. We at JGI value & respect our past, present & future clients, our vendors and their businesses. We want you to be well informed about financing choices and we want your business to grow as a result. We will endeavor to deliver relevant & timely information that will make your job easier. We welcome any suggestions you may have or ideas for topics you are interested in. Always feel free to contact us with any questions. We are here to help you find the best solution for you or your clients and your business.

Jim Jones, President & CEO

Betty M. Bledsoe, Leasing Director

What Is The Difference Between A Lease and A Loan?

Loan

- A loan requires you to invest a down payment & finance the remainder. The down payment can be as much as 20% of the equipment cost.
- A loan usually requires you to pledge other assets for collateral or maintain a certain amount in checking.
- You bear all the risk of equipment devaluation because of new technology.
- You may claim a tax deduction for a portion of the loan payment as interest and for depreciation which is tied to the IRS depreciation schedules
- Financial Accounting Standards require owned equipment to appear as an asset with a corresponding liability on the balance sheet.
- A larger portion of the financial obligation is paid in today's more expensive dollars.

Lease

- Most leases finance 100% of the equipment cost plus shipping and setup & delivery charges.
- A lease usually requires only the equipment as collateral.
- You transfer all risk of obsolescence to the Lessor as there is usually no obligation to own the equipment at the end of the lease.
- A lease can be structured as a tax lease and you can claim the entire lease payment as a tax deduction. The write-off is tied to the lease term which can be shorter than the IRS schedule, resulting in larger tax deductions each year. The deduction is also the same every year which simplifies budgeting.
- Leased assets are expensed when the lease is an operating lease. Such assets do not appear on the balance sheet which can improve financial ratios.
- More of the cash flow, especially the option to purchase the equipment, occurs later in the lease term when inflation makes dollars cheaper.