TORO Count on it.

Is Leasing Better Than Buying?

The Toro Company offers a full line of customized, competitive financing offerings through Toro Financing. The goal of Toro financing programs is to help each customer acquire the exact equipment and irrigation technology they need in the most cost-effective way possible.

We help our customers assess the many factors which can affect their decision to purchase or lease new products. We educate customers on relevant areas such as tax advantages, cash flow implications, impact on operating expenses, and more.

Toro puts a high priority on maximizing value for every customer. In short, Toro financing is a tool to help you tailor the best, most viable long-term plan for acquiring and managing your assets.

That's Up To You!

When people ask me an important business question, they probably expect a straight answer. However, if the question is, "Do you recommend leasing or buying?" my response is: "It depends." When acquiring new equipment, compare the respective financial benefits of leasing and buying. The factors you need to consider include:

- **Cash flow**
- **Debt load**
- **Tax implications**
- **Course Location**

Fortunately, your Toro representative can customize an acquisition strategy that's based on your needs. If your club has good cash flow, you could just buy the unit and take advantage of the accelerated tax benefits your purchase represents. That can translate to serious money saving. If leasing appears a good option, there are basically two types of leases for golf course equipment:

Fair Market Value Lease: This type of lease is written with substantial residual value at the end of the term. A Fair Market Value lease isn't usually recorded on your balance sheet, but rather is treated like a rental for accounting purposes.

Full-payout/Capital Lease: From a tax standpoint, this lease is actually a conditional sales contract. At the end of the lease, you own the equipment, so the advantages and tax benefits of an outright purchase also apply.

Leasing may be attractive if you want to optimize cash flow, by making the lowest possible payments for the new equipment. If so, assess your pre-tax vs. after-tax advantages. If it's before tax, I'd likely recommend a Fair Market Value lease. After tax, a conditional sales contract might be better for its additional benefits. As an independent consultant, I've helped Toro customize financing programs for any situation. For more details, talk to a financial advisor, or ask your Toro representative about the benefits of various options available to you.

Jack Asinger
President, C.A.S.

Jack Asinger has been president of his own financial consulting business since 1989. Prior to that, he enjoyed a long and successful career in financial services and marketing with IBM Corporation. He has been consulting with the Toro Company since 2002.