

Buy vs. Lease Automobile

Make & Model: JetStream 510

	<u>Lease</u>		<u>Buy</u>
Suggested Retail Price	\$22,000.00	Suggested Retail Price	\$22,000.00
Tax, Title, etc.	\$2,600.00	Tax, Title, etc.	\$2,600.00
Refundable Security Deposit	\$500.00		
First Month's Payment	\$349.00		
Capital Cost Reduction Payment	\$6,500.00	Down Payment	\$7,500.00
Last Month Payment in Advance?	Yes		
Payment (if Yes)	\$349.00		
Selling Price At End Of Lease	\$10,045.00	Resale Value	\$10,045.00
Monthly Lease Payment	\$449.00	Monthly Loan Payment	\$481.61
Lease Term	36	Term of Loan	36
Discount for Present Value	12.00%	Loan Rate	12.00%
Future Value of Last Payment	\$499.34	Present Value of Resale	\$7,020.70
Initial Costs	\$10,298.00	Initial Costs	\$10,100.00
Financing Costs	\$13,204.45	Financing Costs	\$14,500.00
Present Value of Refund	(\$349.46)		
Present Value of Total Costs	<u>\$23,152.99</u>	Present Value of Total Costs	<u>\$17,579.30</u>
		Difference	<u>(\$5,573.69)</u>
		Note: Positive Value Favors Lease	

Taxation

Tax Bracket	28.00%	Title	\$128.00
Business Use Percentage	25.00%	Fees	\$450.00
Sales Tax Percentage	5.00%	Sales Tax	\$1,100.00
Title	\$128.00	Potential Financing Deduction	\$16,164.00
Fees	\$450.00	Total Potential Deductions	\$17,842.00
Sales Tax	\$1,100.00	Potential Tax Savings	<u>\$3,211.56</u>
Potential Financing Deduction	\$16,164.00	Title	\$128.00
Total Potential Deductions	\$17,842.00	Fees	\$450.00
Potential Tax Savings	<u>\$3,211.56</u>	Sales Tax	\$1,100.00
		Interest Deduction	\$2,837.87
		Total Potential Deductions	\$4,515.87
		Potential Tax Savings	<u>\$812.86</u>

Note: Depreciation deductions may be available that could change the results of this analysis.