

LEASE PURCHASE PROGRAM TAX BENEFITS: Any ADG product can be purchased on a leased-purchase contract to a business subject to approved credit. Lease-purchase contracts offer special tax incentive benefits. 1) Low or no down payment; 2) lease payment is considered an expense; 3) The accerated tax right-off for taxable year 2006 is 25% in addition to the monthly payments. See the examples below for 36-month, 48-month, and 60-month leases showing these tax benefits related to purchase price estimates (confirmed using the IRS website calculator system):

EXAMPLE #1 - 36 MONTHS / \$15,000 PURCHASE

- *Equipment Cost \$15,000
- *Term 36 months
- *Monthly Payment \$525
- *Total Payments \$18,900
- *IRS Section 179 Deduction \$15,000
- *Payment Deduction \$18,900
- *Total Deductions \$33,900
- *Tax Bracket 25%
- *Total Tax Savings \$8475
- *Net Payment Amount After Tax Benefit \$290

EXAMPLE #2 - 48 MONTHS / \$15,000 PURCHASE

- *Equipment Cost \$15,000
- *Term 48 months
- *Monthly Payment \$412.50
- *Total Payments \$19,800
- *IRS Section 179 Deduction \$15,000
- *Payment Deduction \$19,800
- *Total Deductions \$34,800
- *Tax Bracket 25%
- *Total Tax Savings \$8700
- *Net Payment Amount after Tax Benefit \$231

EXAMPLE #3 - 60 MONTHS / \$15,000 PURCHASE

- *Equipment Cost \$15,000
- *Term 60 months
- *Monthly Payment \$346.50
- *Total Payments \$20,790
- *IRS Section 179 Deduction \$15,000
- *Payment Deduction \$20,790
- *Total Deductions \$35,790
- *Tax Bracket 25%
- *Total Tax Savings \$8947
- *Net Payment Amount After Tax Benefit \$197

EXAMPLE #4 - 36 MONTHS / \$25,000 PURCHASE

- *Equipment Cost \$25,000

***Term 36 months**
***Monthly Payment \$875**
***Total Payments \$31,500**
***IRS Section 179 Deduction \$25,000**
***Payment Deduction \$31,500**
***Total Deductions \$56,500**
***Tax Bracket 25%**
***Total Tax Savings \$14,125**
***Net Payment Amount After Tax Benefit \$482**

EXAMPLE #5 - 48 MONTHS / \$25,000 PURCHASE

***Equipment Cost \$25,000**
***Term 48 months**
***Monthly Payment \$687**
***Total Payments \$33,000**
***IRS Section 179 Deduction \$25,000**
***Payment Deduction \$33,000**
***Total Deductions \$58,000**
***Tax Bracket 25%**
***Total Tax Savings \$14,500**
***Net Payment Amount After Tax Benefit \$385**

EXAMPLE #6 - 60 MONTHS / \$25,000 PURCHASE

***Equipment Cost \$25,000**
***Term 60 months**
***Monthly Payment \$578**
***Total Payments \$34,650**
***IRS Section 179 Deduction \$25,000**
***Payment Deduction \$34,650**
***Total Deductions \$59,650**
***Tax Bracket 25%**
***Total Tax Savings \$14,912**
***Net Payment Amount After Tax Benefit \$329**

EXAMPLE #7 - 36 MONTHS / 40,000 PURCHASE

***Equipment Cost \$40,000**
***Term 36 months**
***Monthly Payment \$1400**
***Total Payments \$50,400**
***IRS Section 179 Deduction \$40,000**
***Payment Deduction \$50,400**
***Total Deductions \$90,400**
***Tax Bracket 25%**
***Total Tax Savings \$22,600**
***Net Payment Amount After Tax Benefit \$772**

EXAMPLE #8 - 48 MONTHS / \$40,000 PURCHASE

- *Equipment Cost \$40,000
- *Term 48 months
- *Monthly Payment \$1100
- *Total Payments \$52,800
- *IRS Section 179 Deduction \$40,000
- *Payment Deduction \$52,800
- *Total Deductions \$92,800
- *Tax Bracket 25%
- *Total Tax Savings \$23,200
- *Net Payment Amount After Tax Benefit \$617

EXAMPLE #9 - 60 MONTHS / \$40,000 PURCHASE

- *Equipment Cost \$40,000
- *Term 60 months
- *Monthly Payment \$924
- *Total Payments \$55,440
- *IRS Section 179 Deduction \$40,000
- *Payment Deduction \$55,440
- *Total Deductions \$95,440
- *Tax Bracket 25%
- *Total Tax Savings \$23,860
- *Net Payment Amount After Tax Benefit \$526

Note-1: Lease based on \$1.00 buy out amount at end of lease. Penalties apply if the lease paid off in 1st year - after 1st year lease can be paid in full without any penalty.

Note-2: Payments are a close estimate - credit scores can affect the interest rate and the payment schedule slightly.