



Lease What Depreciates in the Agriculture Market

We have our roots in an agricultural heartland and understand the unique challenges of the industry. We have structured our products and services with the special needs of the farming community in mind.

A 40 percent increase in farm equipment and machinery costs over the past decade has prompted some farmers to seek financing alternatives, such as leasing rather than purchasing big-ticket items. Though the Department of Agriculture reports that lease payments make up only about 9 percent of annual farm payments, survey results from the Equipment Leasing Association reveal an increase in the annual volume of leased agriculture equipment.

There are many advantages to leasing farming equipment and farmers generally stick to the old strategy: "Buy what appreciates and lease what depreciates." Technological advances make leasing machinery that is likely to be upgraded in a few years an attractive alternative to buying. Leasing can also help farmers keep better balance sheets that will yield lower interest rates and maximize tax benefits.

Equipment leasing agreements typically allow for more flexible payment plans than purchase agreements do. Leasing can also help farmers transfer their equity to other people working on their farms and test out new machinery that may not be needed in the long term.

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