

# Lease is more.

What you need to know  
about why you should lease  
your fleet, rather than buy.



LeasePlan



**Welcome.** Every business that's running a fleet wants to do the right thing. It's tempting to think that ownership gives you more control and more flexibility with your vehicle assets. That's not necessarily the case. Buying also requires you to sink a lot of capital into depreciating assets. That's probably not the best use of your funds.





**It will come as no surprise,** given that we are one of the biggest fleet lease management companies in the world, that we think there's a lot to be said for leasing rather than owning. So we thought we'd say it in this little book that quickly explains the benefits of not owning your fleet and why LeasePlan's unique concept can provide you with a tailored, risk-minimising alternative.

*Why do  
businesses  
think they  
want to own?*

**own**

# lease.

Many people we speak to think that ownership is the most responsible way for them to run their fleet.

**Here's how we respond.**

*Ownership means we have full control over disposal dates and replacement*

1

OK, but our clients set their own vehicle policy, so they actually **retain control of disposal and replacement**.

We want  
**control**  
over fleet  
quality

2

The best way to control fleet quality is through a **Vehicle Policy**, because it can govern not only usage and disposal age of vehicles, but also type. We encourage our customers to develop their own vehicle policies. That way, they retain control.

Ownership costs less than leasing

3

**Sorry, that's not true!**  
We can show you a Discounted Cash Flow analysis that actually disproves this assumption.

*Ownership means we're able to write off depreciation*

4

When you lease with us, your monthly lease payment **includes vehicle depreciation**, so it becomes part of the tax-deductible expense incurred by the company.

When you own, there's minimal ongoing costs once the vehicle has depreciated fully

5

If that's important to you, we can construct a lease for you to make **best use of the residual value on the investment**, or you can purchase the vehicle you've been leasing at the end of the lease period instead of getting a new vehicle if you prefer. This applies to finance only leases and for an agreed value.

# save on taxes

**With an operating lease,** you never own the vehicle. You lease for up to 45 months and all the payments you make are treated as expenses. The vehicle is then returned to us at the end of the lease.

**With a finance lease,** you make payments to own the car. If the lease is for 45 months or more, it's treated as a finance lease for tax purposes regardless of whether you want to ultimately own the vehicle or not. Finance leases are treated the same way as hire purchase agreements. You can claim depreciation on the car and the interest content of your instalment payments, but the debt repayment element of your payments is not tax deductible.

What do  
businesses  
**worry**  
about when it  
comes to owning  
their fleet?



# ease.

Ownership is a big decision. Not surprisingly it weighs heavily on those responsible for fleet decisions. Here's what they share with us, and how **we believe leasing addresses their concerns.**

Ownership means a significant initial capital outlay

1

That's right. With leasing on the other hand, **no initial capital outlay is required.** This frees up valuable capital for core business initiatives.

Ownership costs can *fluctuate* and are difficult to budget

2

We provide fixed budgets based on over **10 years of experience in leasing/owning and maintaining vehicles** in New Zealand, so you always know where you stand.

It's less easy to *replace* our vehicles so the fleet may age

3

That's why when you lease from us, **we manage the fleet profile on your behalf.** We take care of things like disposal and provide you with analysis of the optimum disposal age so you know you're making good decisions.

We're responsible for the sale and purchase of vehicles

4

If you do want us to sell a vehicle for you, or you want a lease agreement that lets you buy at the end of the lease period, we can manage the whole process for you, and **better rates than you are likely to be able to secure.**

*When we own the vehicles, we're responsible of course for their maintenance*

6

That's probably not core business for your company. And it's probably not something that finance have time for. **But when you lease, we can manage this whole process,** including WOF, registration, regular servicing and unforeseen servicing. We make sure the cost and quality of maintenance is controlled, from budgeting through to ensuring vehicles get serviced regularly, and the quality and cost effectiveness of the maintenance itself.

Vehicles depreciate at a lower rate than market rates

5

Again, if ownership is important to you, **we can give you better buying power** to help counter the mismatched depreciation curve.



# reduce your operating expenses

If you need to reduce the cost of your fleet, here are five ways you can do that by leasing through us:

- 1 **Reduce the fleet's size** — Reducing the number of vehicles in your fleet is the simplest way to reduce overall costs.
- 2 **Cut miles travelled** — The most effective way to do this is to take a more hands-on approach in how you supervise fleet use. This can involve monitoring driver territories, asking for business-use reports, and keeping an eye on the number of sales/service calls in relationship to mileage and time. Also, take advantage of technology like Telematics.
- 3 **Lower fuel cost** — Fuel is often the second largest variable expense (after depreciation). Try to get the best deal on a fuel card when you are leasing a car. Our deals, for example, are very good.
- 4 **Lower crash costs** — An effective safety management program provides many benefits:
  - a. Reduces the risk and cost of accidents and injuries.
  - b. Reduces the cost of insurance.
  - c. Increases driver productivity.
  - d. Enhances driver morale and retention.
- 5 **Lower overhead costs** — Overhead costs, also known as indirect costs, include the cost of management and administrative staff, buildings and facilities, including fuel sites, computer systems, utilities, tools, taxes, and many other factors that cannot be attributed directly to a vehicle. We offer you set-and-forget operating leases that will save you overhead costs.

Why do  
businesses get so  
**excited**  
about leasing?



# savvy.

Many businesses are keen on leasing. **Here's what they like about it,** and how we can help them take best advantage of all that leasing has to offer.

Leasing releases  
company  
capital for future  
investment

1

**True.** Depending on which maintenance option you take, there may only be the fixed monthly costs to budget for.

*It's less  
hassle for our  
employees*

2

Your people are busy enough. They probably don't have time (and very little interest) in thinking about registration dates, WOF dates, maintenance dates, what they do when they have an accident, sorting out fuel cards. When they lease from us, **all of that is sorted for them.** They have more time to do the work they've been hired to do.

Budgeting  
is easier  
because our  
costs are fixed

3

You know exactly what you're paying each month **and what you get for that.**

Our risks  
are more  
controlled

4

With our different leasing options, we can control as many of your risk components as you want us to, including residual, interest and operating cost risks.

*There's less  
administration  
time and costs*

5

You outsource all that work to us, so that your business can get on with what it's best at.



HOW TO...

make it  
cheaper  
and  
easier

Why do businesses get so excited about leasing?

**Make lower monthly payments** — If you're looking to lease a car, one of the main reasons is probably due to the lower monthly payments. If you want to make lower payments every month, choose vehicles with high residual values. That's because the vast majority of a lease payment goes toward paying off the vehicle depreciation. A typical car will lose about half its value after 3 years. This is called the residual value – the remaining value of the vehicle. In a lease, it makes sense to choose cars that have high predicted residual values. The other significant way to minimise your lease payment is to lower the mileage allowance. The fewer miles you drive, the more the car will be worth at the end of the lease — thus lowering your depreciation cost.

**Manage your fleet online** — LeasePlan's online Fleet Reporting gives you all of the data you need to better understand your fleet at the touch of a button. Your data is dynamically updated, daily, weekly and monthly, meaning you can log in at any time to see exactly how your fleet is performing for your business. A visual dashboard of information will show you in an instant what you need to see.

# What **concerns**

do businesses have  
when it comes to  
leasing their fleet?



# have confidence.

People do have concerns  
about leasing.

**Here's what they tell us –  
and how we respond.**

We get charged for the administration of schedules

1

That's correct. But this represents **a very small outlay** when compared to owning and managing your own fleet.

Monthly operating costs are high when you lease vehicles

2

Because of our economies of scale, **we can negotiate bigger vehicle discounts from our preferred suppliers**, so in fact you pay less for your monthly operating costs than you might otherwise.

There must be hidden costs

3

Not when you deal with LeasePlan. Our unique Open Calculation removes all the mystery. **Our budgets are transparent.** You see what you pay and what you save.

Incorrectly estimated kilometres can result in us paying charges for excess mileage

4

Businesses change, demands change. Mileage is not something you can set and forget. That's why we can recalculate each vehicle's budget annually if required to ensure that leasing costs are aligned to actual usage. **That way, we can minimise or even remove unexpected excess charges.** In fact, if excess mileage is ever something you're worried about, you can request a recalculation of your budgets at any time. Fleet reporting will also help you keep a good handle on how far your small fleet is travelling.



# make it manageable and reduce costs

**Better manage your monthly cash flow** — By choosing to lease with us, and choosing a maintenance plan that's right for your fleet needs, you know exactly what you're paying, what you're covered for and what, if anything, you need to cover yourselves. All of that makes leasing from LeasePlan so much more predictable than owning.

**Reduce maintenance & insurance costs** — We can offer you three different maintenance plans, meaning you can choose how hands-on you want to be with the maintenance of the vehicles. LeasePlan Insurance is easily the best way to streamline your fleet insurance needs.

It makes so much sense because we know your fleet inside out, we have a comprehensive accident management program, and it makes good business sense for us to help keep your fleet costs as low as possible. Contact us to find out more about our tailored leasing solutions and about including insurance for your fleet.

**LeasePlan.** Lease is more.

# Want to know more?

We think leasing has significant merits for businesses with fleets of all sizes.

If you'd like to find out more about leasing with LeasePlan, please give us a call and let's talk about how we can work with you to help your business grow.

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An abstract graphic in the bottom right corner consisting of several overlapping, rounded, wavy shapes in shades of orange and red, creating a sense of movement and depth.

**LeasePlan**

What's next?