

## Leasing or cash payment can cut equipment costs

LANCASTER — Record interest rates are changing the way farmers are buying tractors and combines.

Many now prefer to lease or shell out straight cash register than pay 14 percent to 17 percent interest or higher.

As a result, farm machinery manufacturers are seeing an upswing in

their leasing business. "Our leasing volume has almost tripled over this time last year," says E.W. Muehlhausen, vice-president, marketing for Steiger Tractor, Inc.

Farmers with high incomes find their greatest advantage in leasing, explains Richard Duvick, extension

economist at Ohio State University.

"Leasing offers particularly significant tax advantages to those farmers in the 40 percent to 50 percent tax brackets," Duvick says. "But you don't necessarily have to be in those higher tax brackets to benefit from the tax advantages of leasing, depending on the terms of the lease."

Even though the annual payment for the lease might be greater than an annual loan payment for the same equipment, a lease makes good business sense for these farmers. This is because the entire lease payment can be deducted from taxable income, while only the interest expense can be deducted for a loan.

And as the cost of borrowing increases, leasing looks even more attractive to

these farmers. The fellows who took the lease two years ago are sure smiling today. They've got seven-year leases with payments figured at 11.5 percent and that looks pretty nice to them.

Muehlhausen summarizes these advantages to leasing:

**Alternative source of funds:** When money is tight, leasing allows a farmer to acquire equipment without borrowing. This leaves his other credit lines open.

**Tax savings:** All lease payments can be deducted from taxable income. Some leases qualify for investment tax credit, as well.

**Better cash management:** Payments are fixed for the life of the lease, which allows for better cash flow projections. Some loans have fluctuating interest rates, on the other hand, so payments in-

crease with the interest rates.

Ability to purchase machine at lease's end: With most leases, when the lease concludes, a farmer has the option to buy the equipment. Most farmers do.

And because of inflation, leasing offers a considerable

advantage over purchasing with cash, Muehlhausen says.

"Because leases are spread out over a number of years, just like a loan, a farmer pays for the use of today's modern equipment with tomorrow's inflated dollars," he says.

## Daugherty terms, 4-H 'last outpost of warmth'

DOVER, Del. — In a meeting held recently here at the Capital Grange Hall, Hope Daugherty, told Delaware 4-H leaders that 4-H has been called "the last outpost of warmth in a society where everyone seems to be out for himself."

Daugherty, from SEA/4-H Youth Development, told the audience of 100 volunteer leaders from around the state that they, along with parents and teachers, "were put on Earth to help young people and to try to prevent them from making irrevocable mistakes." Leaders are able to do this, she said, by listening, communicating, sharing concerns, teaching, and caring about their young charges.

Daugherty also spoke about the age-old problem of nutrition of older members of the 4-H organization, which serves youth of ages 9-19. Teens often tell us they quit 4-H because they are too busy with school work and extracurricular activities, she said. But a recent survey

proved that the most active 4-H members, those involved in two more more project areas, are the ones that generally remain in the organization throughout high school. Furthermore, those teenagers who are most involved with 4-H, Scouts, or other organized youth activities, are also more involved than other young people in after-school activities such as sports, music, and the high school yearbook committee. This proves, she said, that outstanding teenagers find the time to accomplish many things.

## Silver Spurs 4-H elects officers

LANCASTER — The Silver Spurs 4-H Horse and Pony Club held a meeting recently at the home of April Poyck, 1224 Hunsicker Road.

Election of officers was held for 1980. Those elected were: Amy Rockwell, president; Jef Hobman, vice president; Denika Gum, secretary; Randy Glick, senior treasurer; and Curt Huber, junior treasurer.

The next meeting will be held at Jeff Hobman's home on Friday April 11 at 7:30 p.m.

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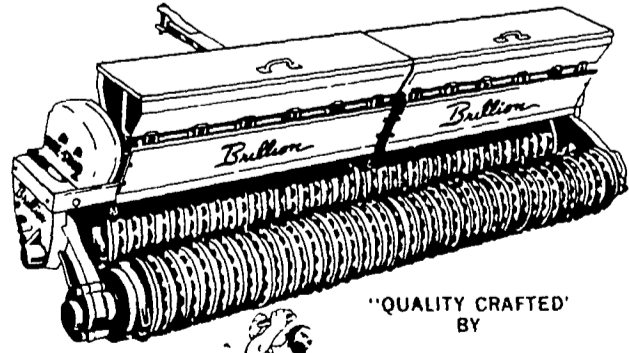
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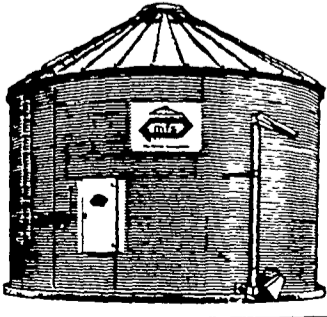
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