## How Do I Calculate the Lease Cost and Payments?

Comparing the purchase price to the sum of the lease payments is one of the key steps in your buy. How do you accomplish this? The GSA Multiple Award Schedule Program employs the us factor. The lease rate factor takes the calculus out of the lease payment calculation, so that it ca using basic mathematics. Simply follow these steps:

**Step 1** - Determine the **Residual Value** of the equipment (value at end of lease)

*Residual value may be negotiated with the vendor. However, in many industries, residual value will amount to $0.00 after 60 months. See article for explanation.*

**Step 2** - Subtract the residual value from the purchase price to determine the equipm

[ ] - [ ] = [ ]

**Step 3** - Multiply the equipment value by the **Lease Rate Factor** to determine the tota

[ ] x [ ] = [ ]

*The GSA Multiple Award Schedule Program employs the use of the lease rate factor, which can be found on each GSA contractor's price list.*

**Step 4** - Add the equipment value to the total interest

[ ] + [ ] = [ ]

**Step 5** - Divide the total by the number of interest payments

[ ] / [ ] = [ ]

*Example:*

*Applying these steps to a multi-functional device (MFD) with a purchase price of $2500 would yi 60 month lease:*

1. *$0 (common for MFDs)*
2. *$2500*
3. *$2500 * 0.194 = $485 (See vendors' price lists for lease rate factors for 36 and 60 month t*
4. *$2500 + $485 = $2985*
5. *$2985/60 = $49.75 per month*

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