

# Cell Phone Plans

Cellular ads are everywhere, touting thousands of free minutes; free options such as call waiting, and even free phones. Wireless deals and promotional offers become more plentiful every day. But don't be fooled--- cell phone plans are still pricey. "Overall rates are tumbling, but only for people who need a large bucket of minutes," said Mark Cooper, director of research for the Washington, D.C.-based Consumer Federation of America.

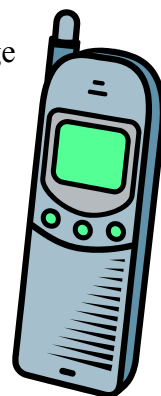


Most cellular plans are no bargain compared with conventional phone service, which typically offers free local calling and long distance rates for less than 10 cents a minute. Consumers have to sign up for high-end plans, more than \$80 a month, to get per-minute rates for 10 cents or less. For plans in the \$25 to \$35 range a month, expect to dish out 30 cents or more on average per minute, according to [www.point.com](http://www.point.com), a website that offers consumers comparisons of all the cell plans throughout the United States.

## *Cell Phone Savings Checklist*

How much do you plan to use the phone? If you're planning to keep the cell phone in the glove compartment for emergencies, the best plan is to go with the lowest monthly rate—\$20 or less – with no minutes free. But if you plan on using the phone more than that, keep track of your calling pattern for several months to see how many minutes you might need, as well as where and when you will be using cell phone. Moderate cell phone users typically make less than 100 minutes of calls a month, according to the Yankee Group, a Boston-based research firm.

When comparing plans, calculate how much each carrier will charge you for every minute you are on the phone. Each minute of airtime can include long distance, or local calling, and in some cases "roaming" charges—calls you make outside of your designated home area.



**Map it out.** Get a detailed map of the cellular provider's coverage area in order to pinpoint your home calling region and whether the phone will work on roads and in towns you most frequently travel.

### **Do not sign on the dotted line.**

Look for companies that do not require contracts. However, if the plan that fits your price range requires a contract, make sure you can switch to a lower- or higher- end plan with the same carrier without being charged. Also, it is up to the customer to keep an eye out for better deals offered by their existing cellular company. The wireless providers are not required to notify you.

**Waive.** Try to get the company to waive the activation fee. Some providers charge \$25 just to turn on the phone, but the fee is sometimes negotiable.

### ***Now it is time to look for cell phone bargains.***

In many cases cellular companies are beginning to offer phone deals— from free up to \$80 — because many companies are introducing new Internet access phones and want to get rid of old inventory.

### ***Looking at Cell phone calling plans***

You cannot determine your true cost per month by looking only at the plan rate. You need to add the cost of your phone to your contract cost. Higher priced plans might include a phone for free or at a reduced cost so it is possible those plans will be cheaper than they might first appear. Lower priced plans usually make you buy a phone, so your actual cellular bill will be higher than you first thought.



### ***Pick a Type of Plan that Fits***

Several factors can influence how much a plan will end up costing you per month. These include its home-coverage area, calling periods, and the number of free anytime minutes, among other things.



**Local.** This is the most limited plan, typically encompassing a metropolitan area and environs. Most local plans require at least a one-year commitment.

**Regional.** These plans cover a multi state area, such as the Northeast. If you are outside that area, you will pay roaming charges of perhaps 50 or 60 cents a minute in addition to airtime, the same goes for Local plans too. These typically require at least a one-year commitment.

**National.** The priciest plans, these are aimed at people who travel a lot. A national plan usually requires a year long contract and lets you call from any place to any place else in the U.S. Monthly charges range from about \$20 for a stripped-down Sprint plan (20 minutes) to several hundred dollars for thousands of minutes from AT&T or Verizon. Overtime typically costs 20 to 60 cents a minute. Breaking the contract early cost you \$150 to \$200.

**Family.** These monthly plans address a problem that has long plagued households with multiple cell phones: Some family members will exceed their monthly allotment of minutes, while others will underutilize theirs. The solution is to give the family a discount on two or more phones, each with its own number, and a bucket of shared minutes. There are plans

with national, regional, or local scope from which to choose. You get a single bill each month. But you need to keep track of the minutes each member uses: There is no simple way to know when the family quota has been exceeded.

***Prepaid.*** A pay-as-you go plan is good for people with problematic credit, those who do not want a monthly commitment, anyone who just wants to try out cellular, or those who keep it for emergencies only. You buy a phone and must buy time for it periodically, much as you do with prepaid long-distance phone cards.

When deciding on a plan, it is probably best to underestimate your needs at least a little. It has been found in years past that people

tend to buy minutes they do not use. A sample of calling plans is a good starting point whether you are new to cellular or ready to change to another carrier. The table gives overall monthly costs of typical users—people who stay close to home, for example, or frequent travelers.

If you are already on a monthly plan and must change its scope, or started a new job that demands traveling, many carriers will shift you to a new plan, with no charge or change in your phone number.

**Some companies to look at include:  
AT&T, Cingular, Sprint, Verizon, and  
VoiceStream.**

## ***References***

Farley, Tom. “Cell phone plans, a quick introduction”  
<http://telecomwriting.com/cellplans/index.html>

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