

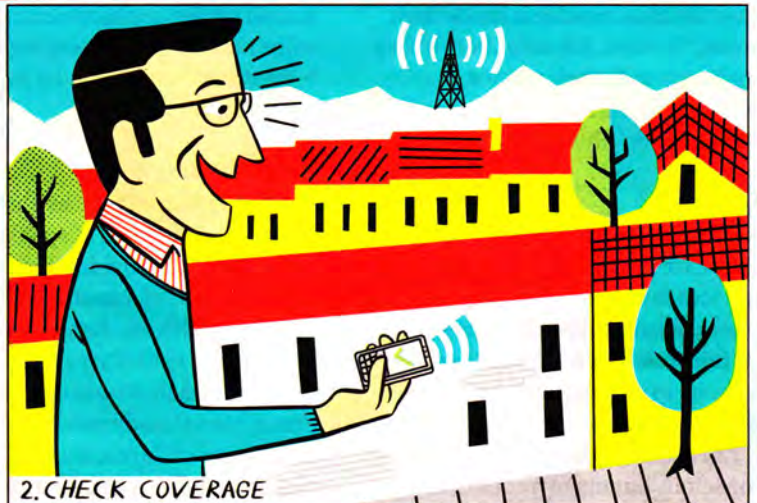
■ MORE FOR YOUR

# Money

HELLO,  
SAVINGS

BY LAURA DAILY

HOW TO PAY LESS FOR YOUR CELL PHONE—  
AND GET EXACTLY WHAT YOU NEED



**A**t last count, nearly 95 percent of Americans had a cell phone. Chances are, too many of them are paying more than they should. “With cell phones you walk a thin line. Either you pay too much for services you don’t use, or use too many

services and get socked with extra charges,” says Mike Gikas, senior electronics editor for *Consumer Reports*. But you don’t have to stay unconnected to stay solvent. Here’s a four-step plan to get what you need *and* lower your monthly phone bill. →

ILLUSTRATIONS BY MITCH BLUNT



## STEP 1

### Find the best coverage

That's right—the first step is *not* buying a phone. Instead, figure out which cell phone company has the best coverage where you live, work, and travel, says Jen O'Connell, author of *The Cell Phone Decoder Ring* and a wireless expert. Most providers can check your coverage by zip code. But you need to test the reception, warns Gikas. Signals are easily blocked by everything from cell-tower obstruction to your home's building materials. "The one place where people have the most trouble is inside their home," he says. Ask neighbors if they are happy with their service; maybe even place calls from your home using friends' phones.

## STEP 2

### Assess your needs

Too many users overpay for more services than are necessary. Which of these categories best describes you?

- > **I just need the basics** You want a phone to stay in touch or for emergencies—say, your car breaks down.
- > **I'm a chatterbox** You're budget-conscious but make frequent calls, both local and long distance. Maybe you're ready for text messaging.
- > **I want the Internet in my pocket** Your home landline is history, and your smartphone is on 24/7.

## STEP 3

### Compare plans

#### PAY-AS-YOU-GO (PREPAID) PLAN

With most prepaid plans you buy a phone (some are even free) and minutes (typically 10 to 20 cents each) at the same time. As you talk and/or text, you can track how much time or messaging remains in your account. Most major carriers—including AT&T, Verizon, and T-Mobile—offer prepaid plans, as do independents like Cricket,

Net10, and metroPCS. Some unlimited prepaid plans run just \$40 a month. A light user can use a prepaid phone for as little as \$7 a month. Compare that with a contract-based plan (see below), which may charge \$60 to \$80 a month even if you use the phone for only five minutes.

- > **Pros:** No contracts, so you can switch service whenever you want. No credit checks. No monthly bills. No early termination fees. Ability to monitor the bottom line.
- > **Cons:** Minutes cost more and eventually expire. May charge an activation fee or charge extra for voice mail or text messaging.
- > **Best for:** Someone who just wants the basics.

#### SHARED PLAN

Think of a shared plan as family-style dining. Only instead of spaghetti and meatballs, the provider dishes up a heaping bowl of minutes, messaging, and, if you choose, data (Internet) for everyone to split. Extra lines can cost under \$10 each, so you can piggyback onto a plan already used by a spouse, siblings, or children. Many shared plans also offer an inexpensive texting option (200 to 300 texts a month for \$5). Get one. Even if you haven't a clue as to how to send a text message, odds are your kids and grandkids do. Without a text plan, you could be charged 20 cents or more if someone sends you one.

- > **Pros:** Add extra lines at minimal cost. Choose either pay-as-you-go or a contract plan (see below).
- > **Cons:** One heavy user can eat up the minutes and/or data quickly.
- > **Best for:** The chatterbox who likes to keep the family connected.

#### CONTRACT (POSTPAID) PLAN

Postpaid plans use a "Talk first, pay later" formula. Providers set flat fees for specific amounts of minutes, text



- 1 | **Say no to insurance**  
If you lose your phone or send it through the washing machine, it's gonna hurt to buy a new one. But do you really need to pay from \$5 to \$7 per month to insure a \$200 to \$500 item?
- 2 | **Waive activation fees** They're typically \$35. If you ask, sympathetic sales staff will sometimes cancel the fee—especially to seal the deal.
- 3 | **Turn the data off**  
Smartphones continue to download data every few minutes. Unless you have an unlimited-data plan, switch off your data feature if you won't be using the phone for a while.
- 4 | **Pay zip for overseas calls** Make use of Freephone2phone.com. Look up a local access number on the service's website; dial that number; listen to a 10- to 12-second ad; then call to any of 54 countries (mostly landline numbers) for free for 10 minutes max. —L.D.



messages, e-mail, and Web browsing.

Though maddeningly complex, these plans are the most cost-effective way to bundle talk, text, and data. Plus, if you covet a smartphone to run the latest apps, you can find big discounts—with some plans you pay as little as \$50 for a \$300 phone—since providers subsidize phone prices to entice you to sign on the dotted line. The catch? You get locked into a two-year contract—and bailing before it expires could cost up to \$350 in penalties. Your best move: Choose a minimal plan to start. Then, after two to three months, reevaluate. Are you leaving minutes on the table or sending more text messages than you're allowed? If you have lots of overage charges, go up a plan; if you are way under, drop down. (You can change calling-plan features anytime while under contract.) Also, expect taxes,

fees, and surcharges. To avoid bill shock, ask a sales rep to show you not only what your first bill will total but second and third months, too.

► **Pros:** Wide variety of calling and data plans. Lower per-minute rates.

► **Cons:** Two-year contract. Fees for activation or early termination.

► **Best for:** Power users who want it all—talk, text, and the Internet—and want it now.

#### ■ STEP 4

##### Choose your phone

Finally, the fun part: test-driving phones. Research models online, then try some out in a store. Again, only buy as much phone as you need. Planning to text? Decide between a QWERTY typewriter-style keyboard or a touch pad (it's a matter of taste). And take the phone outside to ensure you can clearly see the screen in the sunlight.

If your heart is set on a tricked-out smartphone although your budget favors a plain Jane, consider a refurbished model. These days it's easy find pre-owned devices at up to 75 percent off. Buy only phones that come with a warranty. Verizon would sell us a pre-owned Motorola Droid that retails for \$559.99 for \$29.99 (with a two-year contract). Or skip the absolute latest cell phone model (which may have only minor tweaks to button shape or color) in favor of last year's and save a bundle. A final tip: All four major carriers let you return a phone, no questions asked, during a 14- to 30-day trial period. Maximize that time, and test your phone everywhere you go. If not, you could end up with a very expensive paperweight.

*Laura Daily is a contributing editor for AARP THE MAGAZINE.*

**The Secret of 646**

**Back of the Envelope**

Unless you have unlimited calling, extra minutes cost money. Turns out, checking usage from your cell phone is **FREE**.

**HERE'S HOW IT WORKS FOR THE BIG FOUR CARRIERS.**

(646 = MIN for "minutes," get it?)

<b>at&amp;t</b> Dial *646* and press "send"	<b>T-Mobile</b> Dial *646* and press "send"	<b>verizon</b> Dial *646* and press "send"	<b>Sprint</b> Dial *4 and follow prompts
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(Most cell phones let you check your usage. Contact your carrier for details.)