

New phone choices

Slash your phone bill

Call it a paradox of plenty: As phone rates have steadily declined, consumers have snapped up more and more minutes of telephone time. That has increased the phone outlay to more than \$1,400 a year for households with landline and wireless service, according to the Yankee Group, a Boston research firm. But we'll show you how to cut \$200 or more from your telephone tab.

You probably think of your phone bill as relatively fixed, varying mainly in the

number of calls you make. In fact, the phone bill is pliable. It probably has a good deal of fat in it, and you can find meaningful cuts without trimming the number of calls.

The trick is to think minutes. Time is what you're buying, and knowing the number and type of minutes you use is critical to knowing whether you're paying the least possible.

Phone companies have plenty of ways to fog your true per-minute costs. For ex-

ample, a home long-distance plan that charges 5 cents a minute may seem a bargain, even if it also carries a \$3.95 monthly fee. But if you use only 30 long-distance minutes a month (\$1.50 of talking time), the actual per-minute charge is 18 cents, once you factor in the monthly fee. Over a year you'll overpay by at least \$47, compared with what you could get in a plan with no monthly fee.

You might also be paying too much because you haven't mastered the cor-

First things first

Know the kind of phone user you are, to know how to start saving.

To find the best combination of phone service, price, and technology, you need to know your phone usage patterns. Peruse your phone bills to see how many minutes you talk per month, what kind of minutes you use, and how much you spend.

BUDGET CALLERS

Monthly minutes Up to 70 long-distance on a landline, up to 500 wireless.

Current monthly outlay \$30 to \$70.

Profile Most calls are local. If you own a wireless phone, you probably have a basic calling plan or prepaid service intended mainly for emergencies.

Best ways to save Try measured local service. Avoid unlimited local and long-distance bundles. Consider either a long-distance prepaid phone card or a long-distance carrier with no monthly fee and low per-minute rates. Consider either prepaid wireless or limited-local-area wireless with no contract. For details on these strategies, see "Budget callers" on facing page.

AVERAGE CALLERS

Monthly minutes 70 to 110 long-distance on a landline, 400 to 900 wireless.

Current monthly outlay Around \$120.

Profile You use a mix of wireless and landline. Most cellular calls are local, but you've shifted some of your long-distance calling to the wireless phone to capitalize on a plan that includes long-distance.

Best ways to save Drop "savings" plans and calling features from your landline. Consider a long-distance prepaid phone card or a carrier with no monthly fee and low per-minute rates, or use the wireless phone for all long-distance calls. For details on these strategies, see "Average callers" on facing page.

Meet the savers

We asked these readers to send us their phone bills to test whether our shopping techniques and advice could cut their costs. Here's what we found:

\$206 savings

Ross Cameron and Kathleen Kirkwood, of Oakland, Calif., spend \$90 per month for one home line and one cell phone. They could save \$206 a year by dumping their \$12.95 "Saver Plus" plan, which provides 180 minutes of unneeded local toll calling, and switching to a long-distance service that charges 3 to 4 cents per minute.



\$304 savings

Ronald and Debra Seitz of University Place, Wash., spend \$112 per month on one landline and a cellular plan with shared minutes. They could save \$304 a year by dropping their current long-distance landline service, using the cell phones for long-distance calls, and switching to a local service plan with three hours of calls per month.



Internet phoning



The newest way to communicate is with a phone linked to a broadband Internet connection. It's inexpensive and growing like mad. But is it suffering growing pains?

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Best cell carriers



Our third annual survey covers wireless service in 17 metro areas. Chronic problems remain, but we found one carrier consistently ahead of the pack.

page 18

Best cell phones



Pictures, games, video. The sell today is anything but voice. But our tests of 24 phones speak to the main event: How good are they for talking and listening?

page 21

Best headsets



Hands-free talking isn't just for the car. We tested 10 headsets, wired and wireless, for comfort and voice quality.

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nucopia of choices. You can get phone service from your cable company, a wireless carrier, a Voice over Internet Protocol (VoIP) newcomer, or a company that buys phone time wholesale and sells it.

Based on the rates we found while shopping for better deals for several CONSUMER REPORTS readers who sent us their phone bills, you're probably overpaying if you spend more than these amounts:

- 3 to 5 cents per minute with no monthly fee for state-to-state landline calls, 4 to 15 cents per minute for in-state calls.
- 3 to 4 cents per minute for a prepaid long-distance card with no connection

charge and minutes that don't expire.

- 13 cents per minute for weekday nationwide wireless service on a plan with 250 to 400 included minutes; 8 cents on a plan with 900 to 1,000 included minutes; 6 cents on a plan with more than 2,000 included minutes.

It pays to check the way you've allocated phone service among local, long-distance, and wireless carriers and to shop for better deals at least once a year as well as near the end of a wireless-phone contract. Here's what to do:

KNOW HOW MUCH SERVICE YOU USE

Looking at recent phone bills, use the form on page 14 to total the various types of minutes you use and the monthly costs. Focus only on the charges we list (not on the taxes and fees), so that you can make proper head-to-head comparisons. See First Things First, starting on facing page, to determine what type of user you are. Then read the appropriate targeted strategies that follow.

BUDGET CALLERS

Consider measured local service. Unlimited local service may be unwise if you don't make many local calls or if they aren't billed as local. In California, for example, SBC customers pay long-distance rates for calls beyond a radius of about 17 miles. In Washington state, Qwest charges \$10.70 per month for measured local service—180 minutes of local calls per month—and \$12.50 for unlimited service, a saving of \$22 a year. But unlimited local service is a better bet for budget callers who have dial-up Internet service.

Avoid local/long-distance bundles. MCI, Verizon, and other carriers offer unlimited local and long-distance packages

for a monthly rate of \$40 to \$70. But if you don't tend to make many calls, the bundled price will raise your monthly cost.

Get a long-distance plan with no monthly fee and low per-minute rates. Major companies charge 5 to 10 cents a minute plus \$1.50 to \$5 a month for long-distance. You can find much better deals online from long-distance resellers such as Enhanced Communications Group. It charges less than 3 cents per minute for interstate calls and 4 to 15 cents per minute for in-state calls in most states.

Use prepaid phone cards. If you make very few long-distance calls, consider dropping your long-distance carrier and using a prepaid phone card. We found a good deal at www.minutepass.com: \$29.99 for 1,000 minutes.

Prepaid cards are a little inconvenient, however, because you have to enter a toll-free number first, then an authorization code and the number you want to call. Plus, some cards may have a hefty per-call connection charge. Check the terms first, and avoid cards with those charges.

Find a better wireless option. If you want a wireless phone for roadside emergencies, consider a prepaid phone. TracFone sells them for as little as \$50. Per-minute charges are 10 to 50 cents. Or consider limited-local-area cellular. One such provider is MetroPCS, available in the Atlanta area, Sacramento, the San Francisco Bay area, and south Florida. It offers unlimited local calling and long-distance for \$40 per month. The phones are not intended for roaming outside their home calling areas.

AVERAGE CALLERS

Like budget callers, users with average bills might benefit from switching long-

HEAVY USERS

Monthly minutes 110 or more long-distance on a landline, more than 1,000 wireless.

Current monthly outlay \$170 or more.

Profile You gravitate toward the wireless phone and probably have multiple phones and a plan with thousands of shared minutes to accommodate teenagers, business-related calls, or lots of friends and family members.

Best ways to save Choose a landline plan offering unlimited calling. Or consider VoIP (see page 16). Shop for a new wireless plan with low rates or one offering a larger bucket of minutes. For details, see "Heavy users" on page 14.

\$677 savings

Susan Musilli, of Valle Crucis, N.C., spends \$160 per month on a home small-business line, a cellular plan, long-distance service with a toll-free number for customers, and a prepaid long-distance phone card. She could save \$677 a year by using VoIP and changing her long-distance carrier.



distance carriers or using prepaid phone cards for long-distance. Average callers might also benefit from these changes:

Drop false “savings” plans. Some companies offer plans that charge a flat fee for a set number of local toll calls—calls to nearby towns billed as long-distance. In California, for example, SBC’s “Saver Plus” plan charges \$12.95 for 180 minutes of local toll calls, or about 7 cents per minute. But if you don’t make many local toll calls, you’re buying minutes you don’t need. SBC says it no longer actively

promotes Saver Plus. Other carriers may have similar plans.

Weigh local/long-distance bundles. The more long-distance calls you make on the landline, the more beneficial a local/long-distance bundle will be. If you’re spending more than \$40 to \$70 a month for local and long-distance plans and no other cost-cutting strategy works for you, then consider a bundle.

Seek a better wireless plan. If you regularly exceed the minutes in your calling plan or pay high roaming charges,

switch to a plan with a bigger allotment of minutes. Choose a national (not regional) plan, which typically has no roaming or long-distance charges. If you’re ready to change wireless carriers, look for a plan with more minutes than you’ve had and a lower monthly fee.

Use your wireless phone for long-distance. Many consumers have a wireless calling plan that includes long-distance, yet they often pay for the same service on their home phone.

Many cell phone users also don’t use up all their allotted monthly minutes. About 25 percent of minutes are left unused each month, according to a 2003 survey by the Yankee Group. On a 500-minute plan, that leaves 125 minutes available. Assuming that you’re happy with wireless voice quality, you can use wireless for long-distance and drop the landline long-distance service.

Drop redundant calling features. Verizon charges New Jersey customers \$5.50 a month for voice mail, \$4.59 for call waiting, and \$7.50 for caller ID. Verizon Wireless charges nothing for the same features. If you have a wireless phone, you can save \$211 a year if you drop those features from the landline. Give out your cell-phone number, where callers can leave messages; you can return their calls more cheaply from your home phone. Any calls that come in while you’re talking will be on the cell phone, negating the need for call waiting on the landline.

Shopsmart

Here, itemize your monthly outlay for phone service using recent bills. (See “Cell-Phone Bills: How to Decipher Them,” page 51.) You’ll enter specific charges, minutes used, and their cost. Then use the accompanying report to find ways to save.

LOCAL LANDLINE

Enter the following data. Then look at your local usage charge, which can indicate if you’re underusing part of your local service and steer you to an obvious place to save:

_____ Itemized local minutes	_____ Itemized local toll minutes
Next, add up all that apply:	a. _____ Monthly fee for all phone lines
	b. _____ Federal access line surcharge
	c. _____ Local toll-call savings plan
	d. _____ Total usage charge
	e. _____ Features such as call waiting

A = LOCAL CHARGES (add a through e): \$ _____ **TOTAL**

LONG-DISTANCE LANDLINE

Enter the following data. Then look at your total long-distance charges, which can indicate if you’re underusing part of your service and steer you to an obvious place to save:

_____ In-state minutes	+	_____ Interstate minutes	=	_____ Total minutes
Next, add up all that apply:		f. _____ Monthly fee		
		g. _____ Minimum usage charge		
		h. _____ Total usage for in-state and interstate calls		

B = LONG-DISTANCE CHARGES (add f, g, h): \$ _____ **TOTAL**

WIRELESS

Enter all that apply, to help you understand plan details and to point to places where you can save with a different plan that lets you avoid excess-minute charges:

_____ Weekday minutes included	_____ Cost of excess weekday minutes used.
_____ Night/weekend minutes included	_____ Cost of excess night/weekend minutes
_____ In-network minutes included	_____ Cost of excess in-network minutes used.
_____ Roaming minutes included	_____ Cost of excess roaming minutes
_____ Long-distance minutes included	_____ Cost of excess long-distance minutes

Next, add up all that apply:

i. _____ Monthly plan fee
j. _____ Charge for additional phones
k. _____ All excess-minute charges, from list above

C = WIRELESS CHARGES (add i, j, k): \$ _____ **TOTAL**

TOTAL MONTHLY HOUSEHOLD PHONE-SERVICE EXPENDITURE

ADD A + B + C \$ _____

Free on ConsumerReports.org

Access to our interactive long-distance and cellular plan selectors, powered by TeleBright.com. These worksheets let you compare rates of many companies. They will be free from Jan. 4 to Feb. 8.

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