



The Cell Phone Shopper's Guide

Choosing a Plan

Consumers have two basic choices when it comes to cell-phone service: contract-based or prepaid.

Contract-based service

Typically, contract-based plans lock customers into a 2-year service agreement at a fixed monthly price in exchange for subsidizing part of the cost of the cellphone. (An iPhone can cost up to \$700 without buying a 2-year contract, but as little as \$200 with a 2-year agreement.)

Plans typically include a set number of minutes, text messages and, for customers with "smartphones," a data plan to surf the Internet. Some plans include free mobile-to-mobile calling, free or discounted night and weekend minutes, and picture and video messaging. Customers are sent a bill each month for the past month's service. AT&T, Sprint, T-Mobile, and Verizon are among the largest wireless carriers offering contract-based service in Illinois. Plans start at around \$30 per month, plus tax.

In this guide:

Choosing a Plan

Prepaid vs. Contract phones

Features & Services

Protect yourself



Prepaid service

Prepaid cellphones are an alternative to pricey, 2-year contracts offered by the big wireless carriers. Prepaid plans don't require a contract or a credit check, and don't slap customers with exit or overage fees.

There are two types of prepaid plans:

- *Pay-as-you-go plans* allow customers to buy packs of minutes online, over the phone, or at select retailers. Once the minutes are used up, the caller simply buys more. To access the minutes, the caller typically enters a code into his or her phone, recharging it with a purchased amount of talk time. With some plans minutes expire after a certain period of time if the customer doesn't buy more.
- *Monthly prepaid plans* offer a set number of minutes, texts, and data usage (Internet) each month. Customers pay the provider each month, but aren't locked into a contract and can exit the plan at any time. Some companies, like Boost Mobile, offer monthly plans lower in price than comparable offers from large carriers, and without the 2-year agreement.

Which is best for me?

It depends. Contract plans generally offer the latest model smartphones and can be a better deal for families who want multiple lines. "Share" plans allow callers to add extra phone lines to their bill starting at about \$10 per month per line, and calls between phones on the same network are often free.

Prepaid cellphones used to be best only for consumers who don't need a lot of minutes, don't want the latest high-tech phone, or only want a phone for emergencies. But that's changing.

Prepaid companies now offer plans and phones competitive with the big wireless carriers. Such plans are becoming better deals for a larger number of consumers.

Features and Services

Which carrier has the best call quality?

Service quality varies by carrier and by region. One carrier may have great service in one region, but spotty service in another. Asking friends and neighbors about wireless coverage in your area is a good place to start. Also, J.D. Power and Associates (www.jdpower.com/telecom) rates carriers for call quality.

Most cellphones have a trial period during which you can return the phone and cancel the contract without penalty. Be sure to test the phone where you'll use it, such as your workplace and home.

How many minutes do I need?

Many plans now offer unlimited minutes. However, with certain contract-based plans, if you go over your allotted minutes you'll pay hefty overage fees of up to 49 cents per minute. A CUB analysis of more than 4,000 bills showed that the average Illinois wireless customer paid for more than 6 hours of unused minutes—enough to drive from Chicago to Cairo, IL while talking on the phone. Read your cellphone bill each month, and if you're consistently below your allotted number of minutes, ask your carrier if you can downgrade to a plan with fewer minutes.

What's the deal with data?

Bloated data costs is another big problem. Any time you are surfing the web, checking emails, streaming music or posting on social media, your phone is using up "data." Data costs can take up a significant portion of your bill, which is why it is important to accurately gauge your usage per month and then choose a plan that most closely matches your data needs.

Data is measured in gigabytes (GB). In 2015, North American consumers with smartphones used an average of 3.7 GB of data per month, according to Ericsson's Mobility Report. To give you an idea of what that means, consider that 1 GB is about equal to each of the following tasks:

- Sending or receiving 11,600 e-mails (with attachments)
- Streaming 35 hours of music
- Viewing 1,050 web pages (4 minutes per page)
- Posting 3,000 photos to your Facebook page
- Watching more than 4 hours of video on YouTube (Higher quality video, like Netflix, uses even more data)

(Source: AT&T data calculator)



A CUB study found the average wireless bill had more than 6 hours of unused calling time left at the end of each

For more advice on how much data you need and how to cut data costs, visit CUB's Data Guide at CitizensUtilityBoard.com.

Extra features

A CUB analysis found that the average caller paid more than \$8 per month for potentially useless extras, like cellphone insurance, directory assistance and other services, such as "Roadside Assistance." Be sure to check your bill for these charges, and if you find one ask yourself if you really need the service.



Should I buy cellphone insurance?

For most consumers, cellphone insurance isn't worth the \$5+ price tag. However, if you have a very expensive smartphone, the insurance could be worthwhile. Read the fine print to see what the cellphone insurance actually covers. The carrier may require a police report and a deductible before replacing your phone, and may only give you a used phone in return.

Cellphones and 911

Remember, you don't need a wireless plan to use 911 on a cellphone. Any device, as long as it's charged and within range of a cellphone tower, can dial 911. Keep in mind that authorities may not be able to determine your exact location if you call from a cellphone, as they do when receiving calls from a landline. Factor that into your decision if you're considering ditching your landline phone.

The Cellphone as a money-saving friend

If you do have a landline and a cellphone, use your wireless plan to help reduce your overall costs. For example, if you consistently have a lot of wireless minutes left at the end of each month, use them to make long-distance calls from home. That will reduce the bill you get from your regular (landline) long-distance company. Depending on your calling habits, you may be able to drop your regular long-distance completely. Similarly, if your cellphone package comes with free voice mail, don't pay the monthly fee for the same service on your landline. Give friends and family your wireless number and tell them to leave messages in that voicemail box.

Should I drop my landline?

Remember, cell phones aren't always as reliable as landline phones. If your cell phone battery is dead and your home loses power, you won't be able to make a call. Plus, in an emergency, authorities may not be able to locate your exact location when calling from a cellphone, as they do when receiving landline calls. Still, the number of wireless-only households continues to grow. If you travel frequently, have few occupants in your home, and/or have consistently good wireless coverage in your house, consider it. If you're not ready to ditch the landline entirely, check with your landline company to get the lowest plan possible.

Protect yourself

What is cramming?

"Cramming" is when a third-party company charges you for a service you never ordered or received—things like ringtones, horoscopes, trivia, joke-of-the-day offerings, or celebrity gossip

items. Online contests, surveys and spam text messages are just a few of the ways scammers gain access to your bill. They take advantage of complex bills to hide fraudulent charges—usually less than \$10 a month—among other fees.

To protect yourself, scour your bill each month for suspicious charges, such as “Premium Services,” “Text Subscription,” “Membership Fee,” and other vaguely named services. Beware of contests or sweepstakes that require filling out online forms. Ask your cell-phone company if it offers free fraud protections, such as blocks on texts, data, or third-party charges.

If you think you are a victim, call the cramming company to dispute the charge (the company’s number should be on your bill). Then, call the cellphone company. Inform it that you’re disputing the charge and you’re only paying the undisputed part of your bill. Make sure you agree what that undisputed amount is, and record the time of the call and the full name of the person you talk to. If you still seek restitution and are an Illinois resident, you can file a complaint with the office of state Attorney General Lisa Madigan (www.illinoisattorneygeneral.gov).

A free cell phone?

Lifeline, a federal program funded by telecom carriers to give low-income callers access to basic phone service, has been extended to wireless customers. The service, marketed as SafeLink by TracFone, but also offered by other wireless companies, provides a refurbished cell phone and about 60 free minutes of calling a month. If you need more minutes, you’ll pay a high rate. Customers can buy additional 60-minute calling cards for \$20 each, or 33 cents a minute. There’s only one phone provided per household, and getting the free wireless service means you don’t get a Lifeline discount on the landline phone. To qualify, Illinois residents must participate in one of these assistance programs: federal public housing assistance/Section 8, food stamps, Low Income Home Energy Assistance Program (LIHEAP), Supplemental Security Income, the National School Lunch Program, Temporary Assistance for Needy Families, or Medicaid.