

CUBFacts

CUB's guide to VoIP phone service

What is VoIP?

Voice Over Internet Protocol, or VoIP, is a type of telephone service that carries calls over the Internet, rather than over a traditional phone line. While some VoIP services only work over a computer or a special VoIP phone, others allow customers to use a traditional phone connected to a VoIP adapter. VoIP plans can be attractive because they offer local, long-distance, and even international calling, plus dozens of extra features, often for a lower price than traditional landline calling plans.

Who is it for?

VoIP is ideal for a consumer who already pays for a high-speed Internet connection, enjoys extra features—like Voice Mail, Caller ID, Call Forwarding, Call Waiting, and more—and/or makes hundreds of minutes of long-distance calls a month. Some VoIP companies, like Vonage, can be an especially good deal for consumers who make a lot of international calls.

But VoIP is not for everyone. First, you must subscribe to high-speed Internet service, which can cost \$30 a month on up. If you don't already have high-speed Internet, any savings offered by a VoIP provider would likely be eaten up by the cost.

Most VoIP services won't work when the power goes out or when the Internet connection goes down. For households looking for a reliable phone for emergencies, it may not be the best option.

In addition, certain household products, like a security or intercom system, may require a landline.

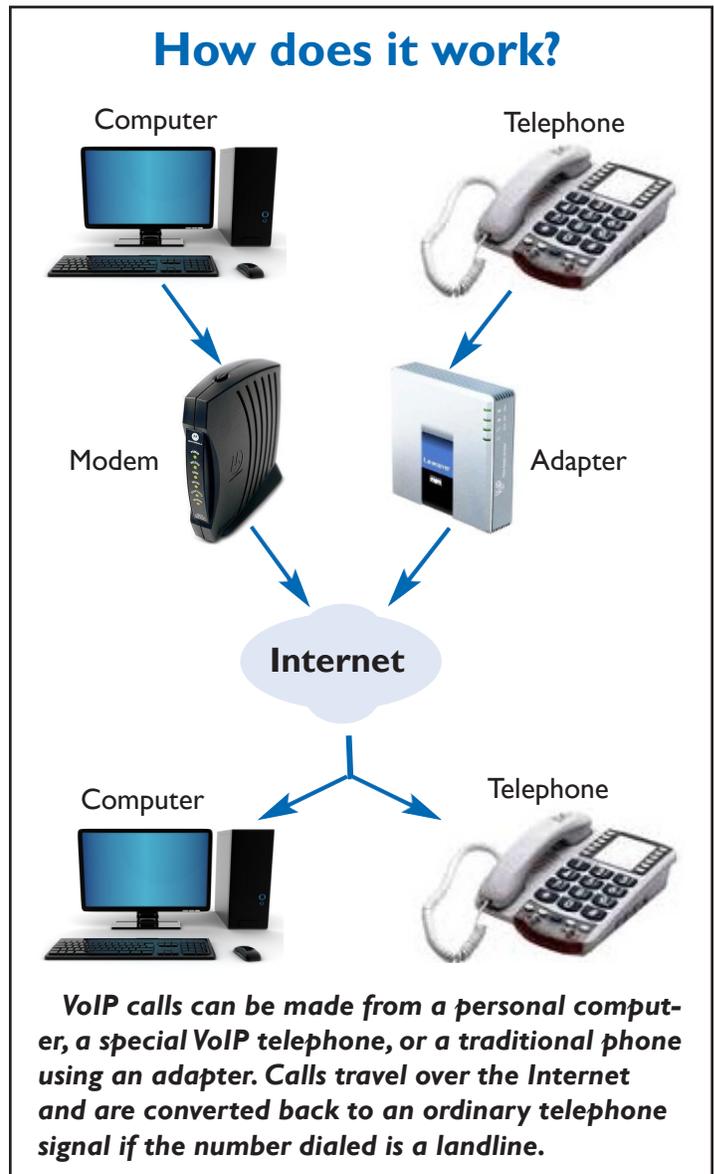
What are the advantages?

If you already pay for a high-speed Internet connection, some VoIP services, like magicJack PLUS (see p. 2.), can be significantly less expensive than traditional landline phone service. Also, because VoIP uses Internet technology, many companies offer services and features not available with a landline phone. For example, VoIP may allow you to easily check messages on your smartphone, display Caller ID on your TV, and even make video calls. International calls can also be much cheaper with a VoIP provider.

How is 911 service different for VoIP?

Internet telephone companies are required to pro-

How does it work?



vide 911 service, but you should check with any VoIP company you're considering to get the details on what kind of emergency service it offers and how it may differ from traditional 911. VoIP 911 service cannot automatically determine your location as the traditional landline emergency service can. You have to register with the company the location of where you will be using the service—and remember to update that registration every time you're using the service in a new location.

Is it a good deal?

If you already pay for a high-speed Internet connection, VoIP can be a good option. As with any other calling plans, always quiz the company about its exact rates and any extra costs, such as an “activation fee.” If possible, you may want to first test a VoIP service for call quality before ditching your landline phone entirely. Some low- or no-cost services, like Google Voice and Skype, can be a good supplement, but not a replacement, to landline phone service.

What are the offers?

Each VoIP service works a little bit differently. Some, like Skype, offer computer-to-computer calls for free, while others, like AT&T U-Verse and Comcast Xfinity, often are bundled into pricey packages with Internet and/or cable television services.

Like any phone service, if you do sign up with a VoIP company, be sure to read your bill each month and watch for any changes. CUB researched a handful of VoIP offers to provide a sampling of what’s available:

How can I save on landline service?

For the typical Illinois caller, CUB recommends a low-cost AT&T Consumer’s Choice local calling plan coupled with Pioneer Telephone for long distance. The Consumer’s Choice plans, created by CUB under a legal settlement and frozen through at least June of 2013, range from about \$3 to \$20 per month. For long-distance, Pioneer Telephone’s Rate Buster plan offers rates of 2 to 3 cents per minute. Plus, Pioneer offers a \$10 credit to those referred by CUB. That’s more than five hours of free long distance. For more information, visit CUB’s Phone Savings Center, at www.CitizensUtilityBoard.org, or call CUB at 1-800-669-5556.

Company	Advantages	Disadvantages	CUB says
AT&T U-Verse <i>att.com/U-Verse</i>	The convenience of paying for your phone, cable and Internet services on one bill. Includes many features.	The service isn’t available everywhere, and can be expensive. Consumers have complained to CUB about call quality.	Even if you choose AT&T U-Verse cable and Internet, you can still maintain your AT&T landline.
Comcast Xfinity <i>Comcast.com</i>	The convenience of paying for your phone, cable and Internet services on one bill. Includes many features.	The monthly bill often starts out low thanks to introductory rates, but prices can increase dramatically over time.	Consider if you already pay for Comcast cable and Internet. Try negotiating for a better price.
Google Voice <i>google.com/voice</i>	Free PC-to-PC audio and video calling worldwide, and free PC-to-phone calls in North America.	Must have an active US telephone number to receive incoming calls. 911 emergency services not available.	Could be a good supplement to a landline phone. Try it for long-distance and international calls.
magicJack PLUS <i>magicjack.com</i>	Only \$30 a year (\$70 the first year) for unlimited nationwide calling and calls to Canada and Puerto Rico—that’s \$2.50 a month.	If the power goes out or your Internet connection goes down, so does your phone.	Big plus: The service no longer needs to be plugged into your computer to work. Consider the 30-day free trial.
Ooma <i>ooma.com</i>	Unlimited calling for less than \$4 per month.	Start-up costs upwards of \$250.	Cheap calls burdened by big start-up costs.
Skype <i>skype.com</i>	Free PC-to-PC audio and video calls worldwide. Low international rates.	Calling credit can expire. 911 emergency services not available.	Consumers (grandparents) like it for free PC-to-PC video chats and international calling.
Vonage <i>vonage.com</i>	Low-cost international calling plans, and lots of features.	You won’t receive a paper bill. Vonage does not work with home security systems.	Could be an option for those who make a lot of international calls.

*As of March 2012.