

Here's a tip

Free or discounted wireless phones typically come with a one- or two-year contract. If you switch wireless providers, you'll probably have to get a new phone.

You'll save money by finding a plan that most closely matches your calling pattern—the minutes you'll use, the times of day you'll be calling and the places you'll be when you use the phone. If you're already a wireless

customer, check past bills for your monthly usage habits.

Prepaid cell phone plans allow you to pay in advance for minutes. The per-minute rates tend to be higher than on a monthly calling plan, but prepaid services carry no termination fee and can keep you from going over budget. Prepaid wireless service is easy to activate and requires no credit check or security deposit.

When shopping for a wireless plan, determine:

- **What kind of coverage you can expect in the area you will most frequently use your phone.**
- **How many minutes are included in the plan and what the cut-off times are for daytime or anytime minutes.**
- **How much you will be charged for additional minutes over the monthly amount.**
- **What the charges will be for roaming and long distance calls.**
- **Whether you can transfer your existing cell phone number (or home number) to your new plan.**
- **How long the service contract is and what happens if you cancel before the contract ends.**
- **How long you have to cancel without penalty after you've activated your service. In this case, is the activation fee refundable?**
- **What it would cost you if you later decided to cancel your contract before the term ends.**

Voice over Internet Protocol (VoIP)

Many Internet and cable companies are trying to lure customers away from landline phone service to VoIP service, which is provided over a high-speed Internet connection (DSL or cable). The connection generally is good and the service can be less expensive than traditional landline phone service. Some VoIP providers offer additional savings to customers who purchase a bundle or package of services that includes TV, Internet and phone.

VoIP service plans typically include unlimited local and long distance calling in the continental U.S. for a flat monthly charge. Plan prices can vary widely among service providers. Almost all plans include features such as Caller ID, voicemail and call waiting included in the price of the service. Most allow you to track calls and bills online. If you plan to send and receive faxes often and you're not going to keep a dedicated phone line for that purpose, choose a VoIP provider with fax capability.

VoIP service carries many of the same additional charges as landline and cellular service—activation charges, taxes, and per-call charges for directory assistance. You also may have to pay for hardware (such as a router, adapter and cords) and shipping costs.

As with cellular service, you generally have between two and four weeks without penalty to determine if the VoIP service is right for you. If you're not satisfied, you'll need to return the hardware. If you miss the cancellation window, you may have to pay a deactivation fee.

International calling

You can make international calls from your home phone through your regular long distance carrier, or by using a prepaid calling card, a dial-around number or a callback service. If you do not participate in a discounted calling plan or have VoIP service, it is expensive to make international calls from your home phone. Compare the per-minute rate and other charges before you dial.

If you have access to the Internet via a computer or a web-enabled mobile phone, you can make international calls at very low rates or even free. Rates and plans vary depending on the service and the call type (for example, computer-to-computer versus computer-to-phone).

With certain wireless companies you can use your phone to make calls while you are outside the U.S. Ask about this option if you want to use your cell phone while outside the country. Be sure to ask about cost—it can be very expensive to make roaming calls overseas.

Here's a tip

Before replacing your landline with VoIP, ask if the company offers "enhanced 9-1-1" to help you reach emergency services. Without it, emergency dispatchers won't receive your location automatically.

Assistance and information

Check your phone bill for unauthorized charges. If you discover errors, contact your carrier immediately. If your complaint is not resolved, contact:

LOCAL/INTRASTATE SERVICE

Contact your state utility commission (search at www.naruc.org) or your state Attorney General (search at www.naag.org). You can also find contact information in the government section of your local phone directory.

LONG DISTANCE/INTERSTATE/WIRELESS

Federal Communications Commission (FCC)
 Phone: 888-225-5322 (888-835-5322 TTY)
 Web site: www.fcc.gov/cgb/complaints.html
 Email: fccinfo@fcc.gov

GENERAL CONSUMER ASSISTANCE

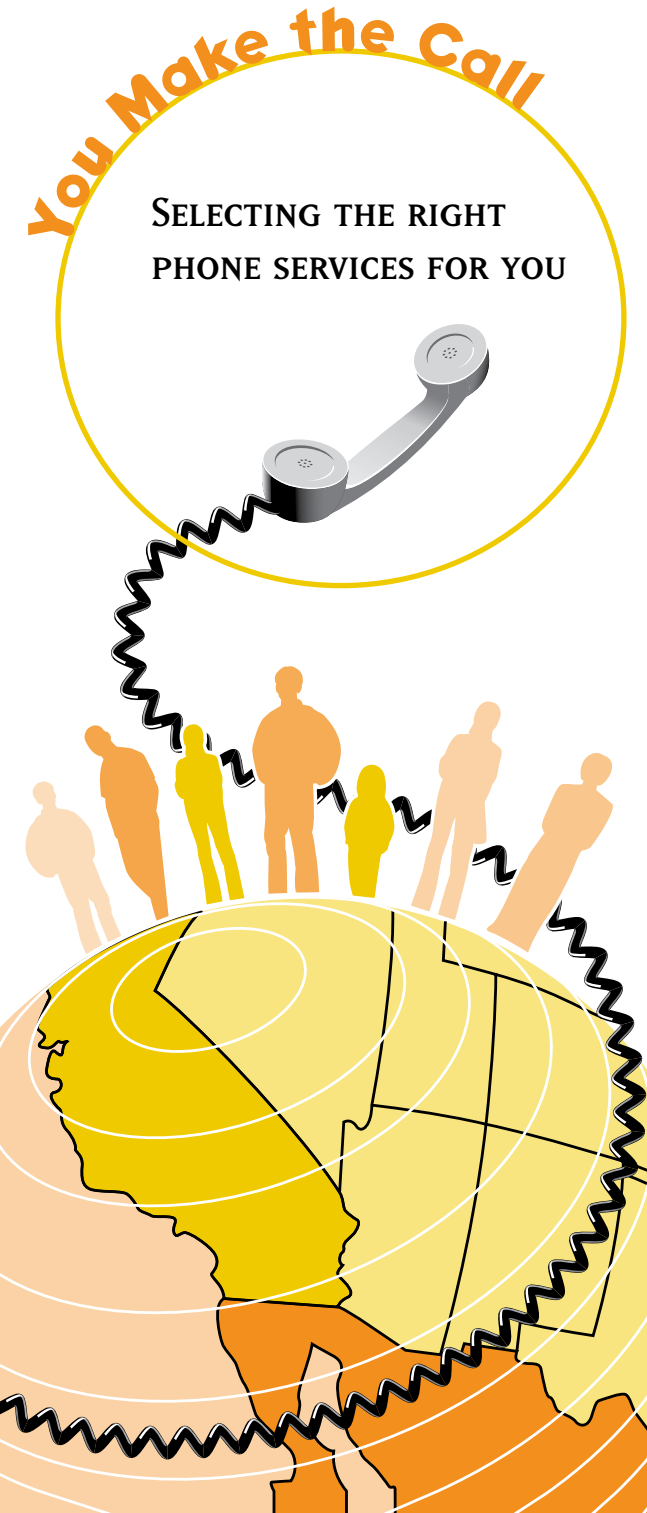
Federal Trade Commission (FTC)
 Phone: 877-382-4357
 Web site: www.ftc.gov

Consumer Action

www.consumer-action.org
 221 Main Street, Suite 480
 San Francisco, CA 94105
 Phone: 415-777-9635
 Email: hotline@consumer-action.org

Consumer Action's hotline offers free non-legal advice and referrals in English, Spanish and Chinese.

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There are many reasons to have phone service—to stay in touch with friends and family, to communicate with your workplace, to call for help in an emergency, or to access the Internet. Whether you see phone service as a convenience or a necessity, you want to get the best service at the best price and make sure you aren't paying for services you don't use.

Years ago, there were few choices in phone services. Today, there are a variety of phones, communications methods, calling plans and carriers. Many people use more than just one of these services. If you're starting phone service, getting your first wireless phone or switching from one service to another, it's important to understand the options so that you can choose the equipment and services that best meet your needs.

Knowing what to consider when selecting phone service also can help you determine:

- Which services you really need
- How to combine services to get the best deal
- Whether you are paying for services you don't use

Landline, wireless or VoIP?

The traditional phone service is called a "landline," a wired line at a specific address, such as your home or business. Now you have other options. Do you want your service to be provided via landline phone, wireless phone or a broadband Internet connection called Voice over Internet Protocol (VoIP)? Or maybe you want to use a combination of these services—the choice is yours.

Each option has advantages ("pros") and disadvantages ("cons"). Before making any decisions, consider how you use the phone—the number of local and long distance calls you make and how much time you normally spend on the phone each month. Check old phone bills or call your existing phone providers to find out more about your calling patterns.

Landline phone service

PROS

- Promises good reception and a consistently reliable connection anywhere in your home.
- Provides a connection to the Internet for dial-up or DSL service.
- Allows multiple people to be on the call if you have additional phones and jacks.
- Offers flat or measured rates for local calls.

- Includes a listing in the telephone directory if you want it.

CONS

- Requires you to be at home when you make and receive calls.
- Electronic phone sets may not work if there is an electrical power failure.
- Service may not be available during a phone or cable outage.
- Extra charges apply for long distance calls.

Cellular (wireless) service

PROS

- Allows you to make and receive calls from any place you can receive a signal.
- May enable you to send text messages, take photos, store information and access the Internet.
- Voicemail and Caller ID are typically included.
- May be able to use the buckets of minutes to make calls anywhere in the state or the United States.
- Most carriers offer prepaid or pay-as-you-go service that does not require a credit check.

CONS

- Wireless service relies on radio waves to transmit the call between the wireless tower and the handset, so sometimes service may be unavailable or you may experience dropped calls.
- Prevents you from making and receiving calls if the phone battery is dead.
- Can incur extra charges for calls that exceed your monthly allowance and any calls you make while outside your network (roaming).
- May require an early termination fee to end your contract before the end of the term.
- 9-1-1 calls do not provide emergency service personnel with a specific street address for the customer.
- Charges may apply for incoming, outgoing and toll-free calls.

VoIP (Internet broadband) service

PROS

- Delivers a connection that is generally very good.
- Can save you money.
- In most cases, you can keep your landline number.

CONS

- May only be available as part of a package of services.
- Could limit you to making and receiving calls at home if you find wireless VoIP options unattractive.
- Prohibits you from making or receiving calls whenever your home Internet service is not working.
- May not provide emergency dispatchers (9-1-1) with your callback number and location the way a landline does.

Choosing a plan and a carrier

In most areas of the country, you can choose among different companies who provide local and local toll and long distance service.

LANDLINE SERVICE

Landline phone customers can have all services provided by one phone company, or they can choose separate carriers to provide local and local toll service and long distance service. (To find service providers, see "Telecommunications Carriers" in the yellow pages directory, search online or ask neighbors and nearby friends what carrier they use and if they're satisfied.)

Local service providers typically offer a choice of calling plans. For example, for local calls you may have the option of flat-rate service, which allows you to make unlimited local calls, or less expensive measured service, for which you get a monthly call allowance and are charged per call when you exceed that allowance. (Check your phone book to find your local calling area.) If you ask, your local service provider must tell you the cost of its least expensive basic local service.

Local toll calls (those outside the local calling area but not considered long distance) and long distance calls (those outside the local toll calling region) are often billed by the minute. (Check your phone book to learn the boundaries of these calling areas.) Different rates often apply to different calling destinations and different hours, although most carriers offer unlimited local and long distance packages for a flat monthly charge. Your

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If you are a low-income customer, ask your local carrier about assistance programs, such as Lifeline or Link Up for discounts on local phone service.

local carrier may offer special, reduced rates if you use that company to provide all your services. This is often called "bundled" or "packaged" service. Compare the bundled or package rates with the cost of ordering each service separately.

You don't need to use a specific long distance service—you can make calls with a prepaid long distance access code. You can buy prepaid long distance at stores or on the Internet. (Some local phone companies will charge you a monthly fee for long distance service even if you use prepaid minutes to make your calls.)

Before starting service, ask the carrier:

- What is the connection charge? (If you don't have a telephone jack in your home, you may have to pay a separate installation charge. In some states landlords must provide a working jack in each rental unit.)
- Will I be bound by a contract for a certain time?
- Am I required to pay a deposit?

WIRELESS SERVICE

Wireless calling plans typically allow a certain number of call minutes per month for a set price. There may be restrictions on the time of day that certain minutes can be used. For example, a plan might include a certain number of "anytime" minutes as well as unlimited evening and weekend minutes. There are also plans that offer unlimited "in-network" or "mobile-to-mobile" for calls to people who use the same wireless carrier. In general, wireless carriers deduct the cost of outgoing, incoming and toll-free calls from monthly plan minutes.

In general, if you do not use all your minutes in a month you will lose them, although some carriers allow customers to carry over unused minutes to the next month. If you use more minutes in a month than your plan provides, you will likely be charged for each additional minute you use. Roaming charges (making and receiving calls outside your calling area) can add substantial costs if your calling plan does not include roaming. Consider whether you need a local, regional, national and/or international calling plan.

Here's a tip

Before you order optional fee-based services like call waiting, caller ID or voicemail, consider how often you will use them. Is the additional cost worthwhile?