

Review: 10 ways to save on calling costs

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FILE - In this Sept. 1, 2009 file photo, Ed Ho, right, demonstrates the online telecommunications service Skype with friend Daren Tsui, on screen, at Ho's home in Palo Alto, Calif. Skype is best known for free computer-to-computer voice and video chatting, but you can make and receive phone calls using this software as well. (AP Photo/Paul Sakuma, file)

(AP) -- The cost of making phone calls has been dropping rapidly in the last few years. If you want take full advantage of that, you'll need to try some new things, because the phone companies aren't going to thrust savings on you. Here are 10 tips on how to cut the cost of your phone service.

Several services let you use your home broadband line to make and receive calls. Some of them are aimed at replacing your landline outright, while others are designed as complements.

- Vonage is the most widely advertised replacement for the home phone line, and the price is more attractive than before. It just squeezed free calls to more than 60 countries into its standard \$25-per-month plan, which already included free domestic calling.

Vonage sends you an adapter that connects to your broadband line and your old phone. The setup requires that you know where your broadband modem is and how to connect something to it. Vonage gives you a new phone number, or allows you to move over your old number to the service.

But if you're not a big overseas caller, there are cheaper alternatives, and in my testing, long-running problems with audio quality and reliability persist, particularly for international calls.

- Ooma sells a device that's similar to Vonage's adapter, but once you've plunked down \$250 for it, domestic calls are free. International calls are billed at low per-minute rates. Ooma's audio quality and reliability are much better than Vonage's, but slightly below that of a regular phone line. Like Vonage, Ooma will let you use your old phone number (for a \$40 transfer fee). The adapter works as an answering machine too, and you can access your [voice mail](#) through a Web browser as well.

There's a new model of the Ooma device coming soon that can act as the base station for cordless phones. The price hasn't been announced. The company has hinted that buyers of the new model may need to pay low yearly fees to cover telecom taxes.

- MagicJack is an up-and-comer, selling a device that plugs into a computer to provide unlimited domestic calls for one year for \$40. After that, every year of service costs \$20. International calls are billed at low per-minute rates. In our tests, it worked, but not very well - call quality was barely acceptable.

The MagicJack device has a phone number and can receive calls, but you can't move your own number to it. The computer needs to be on for the MagicJack to receive calls, so using it as your primary phone line could be a false economy: Leaving your computer on all the time for a year could cost you \$300 in electricity.

- Skype is best known for free computer-to-computer voice and video chatting, but you can make and receive phone calls using this software as well. Outgoing calls are billed per minute or through monthly unlimited-calling plans. A phone number that can receive incoming calls costs \$60 per year. You can't use your old number as your Skype number, and you can't call 911. You can't use your old phone either, but you can buy special Skype phones if you don't want to use a headset and microphone. Overall, Skype isn't much of a replacement for regular phone service, but could be a complement.

- T-Mobile USA sells a \$40 "AtHome" Internet router or adapter to which you can connect a home phone. Unlimited domestic calls are then \$10 per month. You can move your old number to the service. The catch? You have to be a T-Mobile wireless subscriber, paying at least \$40 per month on a single plan, or \$50 per month on a family plan. Also, international rates are high for this sort of service. First, you need to fork over \$5 per month just to make international calls, and then you pay rates like 4 cents per minute to Canada, which other providers let you call for free.

Prepaid cell phones are marketed mainly to people with poor credit, but many households could save money by going prepaid instead of signing up for long-term contracts. The main limitation of prepaid service is that it's difficult to get feature-packed "smart" phones.

- Tracfone is the biggest provider of prepaid phone service in the U.S. It sells bare-bones phones cheaply, and calls cost between 15 cents and 30 cents per minute. If you use your phone for only a few short calls a day, this is a good deal - Tracfone subscribers pay an average of \$10 per month. Prepaid service can also be a good thing to give your kids, since they can't run up huge bills. Warning: If you give your landline [phone number](#) or e-mail address to Tracfone during the registration process, it will pester you with frequent "special offers."

- T-Mobile is another big prepaid carrier, and with good reason: its "Pay As You Go" service can cost as little as 10 cents per minute, with none of the daily usage fees other major carriers impose on their prepaid plans. In addition, it's usually possible to use prepaid service on T-Mobile phones whose contracts have expired.

- For heavy callers, prepaid unlimited plans costing less than \$50 per month are available from MetroPCS Communications Inc., Leap Wireless International Inc. (under the Cricket brand) and Sprint Nextel Corp. (under the Boost brand). We tried a MetroPCS phone in New York and didn't have any problems. It worked just like one from a more expensive carrier, including the Web access. The upfront cost of that device - a touch-screen-equipped Samsung Finesse - is \$349. An equivalent phone would cost \$50 or \$100 when you sign a contract with a major carrier. But you'd come out ahead in less than a year by saving \$30 per month on the prepaid service. You also could get a MetroPCS phone for as little as \$69. Caveat: MetroPCS and Cricket have limited calling areas compared to the major carriers. If you go outside major cities, you'll pay roaming fees.

If you don't want to switch to prepaid, there are still ways of cutting cell phone calling costs, at least for international calls. These services work a

bit like calling cards, but are more convenient and won't shortchange you like many calling cards do.

- Google Voice lets you call internationally at per-minute rates that are much lower than the carriers' prices, and text-message for free. It's designed to be used with a Web browser, but you can use it from your phone too. If you have a BlackBerry or Android phone, you can download an application. If you have a non-"smart" [phone](#), you can call a Google number, then key in the number you want to call, just as if you were using a calling card.

- Rebtel provides cheap [international calls](#), much like Google Voice, but is easier to use with phones that don't have Web browsers. For each international number you like to call, it gives you a local number you can place in your contact list. When you call that number, Rebtel automatically connects you to the overseas number.

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