



Keeping Cell Phone Costs under Control

It's no secret that mobile phone use is now a way of life for many American families, but typically with every new convenience, an extra expense is added to the family budget.

A survey conducted by International Data Corporation (IDC) of 8,000 teens ages 13 to 18 who use mobile phones suggests that many of them consider a cell phone a social necessity. The survey found that 35.9% of teens acquired their phones primarily for text messaging while an additional 13.3% acquired them to talk with friends.

The survey also found that cell phone usage differs between teen boys and girls. Girls were more likely than boys to have purchased cell phones in order to call their family or to use in emergency situations, while boys preferred to call their friends. Boys are more inclined than girls to use text messaging, while girls preferred talking directly to their friends rather than texting them.

This edition of Dollars & Sense discusses some of the issues and challenges surrounding mobile phone use, and what individuals, parents, and families can do to keep costs under control in their efforts to live within their means, stay on budget, and become debt free. ■



A Family Mobile Phone Plan Can Help Cut Costs

According to Jean Chatzky, Money magazine's editor at large and a contributor to NBC's TODAY show, one way to save money on mobile phone use is to share minutes on one family plan.

As Chatzky explains, family plans have two or more mobile phone lines (each with its own phone and its own number) that share minutes and are billed on a single bill. There is usually a base monthly fee that varies based on the number of minutes you select, and additional lines can be added at a reduced charge.

Chatzky cites a study by JD Power and Associates that found that only 61 percent of total wireless minutes get used each month. If, for example, you and a family member each buy 600 Anytime Minutes from a wireless carrier such as AT&T, Verizon, or T-Mobile, it might cost around \$49.99 each, or roughly \$100. But if you double up on a family plan, you could purchase 1250 Anytime Minutes for \$79.99. You get 50 minutes more and you save \$20.

Wireless carriers continue to be creative in their product enticements such as family plans because they are trying to build loyalty. It's expensive for them to recruit new customers, so they offer incentives like phone number portability to make it easier for consumers to switch wireless companies. Plus most of these plans allow you to talk to other people in your family for free. This enables you to reduce the number of minutes you

Continued on page 3

The Pros and Cons of Mobile Phones

As reported by the Center on Media and Child Health (CMCH) in Boston, approximately 60 percent of American teenagers own a cell phone, and spend an average of an hour a day talking on them—about the same amount of time the average teenager spends doing homework. And cell phone companies are now marketing to younger children with colorful, kid-friendly phones and easy-to-use features. Citing market research conducted by the Yankee Group, the CMCH reports that 54 percent of 8 to 12 year olds will have cell phones within the next three years.

On the plus side, there is no question that mobile phones offer many benefits in the areas of convenience, safety, health and wellness. Consider the following:

Convenience: As the CMCH explains, no one can argue the convenience of being able to reach your child immediately, or a child being able to reach his parent, in the case of a sudden change of plans. Also, the Pew Internet & American Life Project reports that approximately 41 percent of cell phone users say they multitask by making phone calls while commuting or waiting—a time-saving option almost unheard of 10 years ago.

Safety: The benefits of cell phones in emergency situations are undisputed. The Pew Internet & American Life Project found that 74 percent of Americans say they've used a cell phone in an emergency. In addition, some emergency agencies are encouraging cell phone users to put "ICE" (in case of emergency) in front of names of people in their cell phone directory whom emergency personnel should call in an emergency. New phones using global positioning system (GPS) technology allow parents to track the location of a phone and thus, hopefully, their child.

Health and wellness help: Programs that deliver personalized text messages that help a person with dieting, remembering to take medications, or encouraging them to quit smoking are gaining in popularity. For instance, one company is exploring the ability to send photos of what you are eating via your phone's camera so you can communicate with a nutrition advisor about that food.

But what about the downside of cell phones? Again, the CMCH reports that the negative impacts of cell phone use encompass health risks, dependence, dishonesty and expense:

Health Risks

- **Mental health:** The CMCH cites a study that looked at addictive, problematic use of cell phones and found a link between low self-esteem and problem cell phone use. Another study measuring the link between cell phones and mental health found that teens who used cell phones the most were more likely to be anxious and depressed.

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- **Bullying:** Text messaging is increasingly used by bullies to torment their victims. Cyber bullying, which is psychological harassment in text or instant messaging, is more often perpetrated by girls, who initiate inappropriate messages or spread damaging gossip.
- **Eye strain and "digital thumb":** Just like other repetitive strain injuries that can result from computer use and other repetitive tasks, these conditions can result from focusing continually on a small screen and typing on small buttons.
- **Bacteria:** Because of the close proximity to the mouth where germs can be passed from breathing, coughing and sneezing, most cell phones are crawling with bacteria. Additionally, many people use their phone everywhere, even in the bathroom.
- **Brain tumors and low sperm counts:** The CMCH reports while some research investigating the effects of electromagnetic radiation from cell phones in close proximity to the body have found statistical associations, other studies have found no increased risk.
- **Lack of sleep:** Some teen cell phone users are likely to be awakened at night by incoming text messages or calls, and are therefore more likely

Continued on page 3

Pros and Cons of Mobile Phones, *Continued from page 2*

to be tired and less able to focus throughout the day.

Dependence

The CMCH cited one study in which 37 percent of teens felt they wouldn't be able to live without a cell phone once they had it. This study also shows that the more friends a teen has, the more likely they are to feel dependent on their phone and let calls or text messages interfere with their daily schedule.

Dishonesty

The Pew Internet & American Life Project found that 39 percent of cell users ages 18-29 say they are not always truthful about where they are when they are on the phone.

Expense

Parents often experience sticker shock when they receive the bill for their child's cell phone. Special ring tones, text, picture and video messaging, downloadable games, overage minutes and connecting to the Internet can all be very expensive and heavily used by teens.

What Parents Can Do

- **Discuss your child's motivations for having a cell phone:** Talking about its use for safety rather than as a status symbol or way to fit in can be important. It may not only cut down on your teen's airtime minutes, but it could initiate a conversation about his or her life, for example, feelings of anxiety, loneliness, and who they feel they need to be talking to – and when and why.
- **Develop a set of rules and responsibilities as a cell phone user:** In providing your child with a cell phone, you have the right to set the rules for its use, such as: "Always answer calls from parents immediately." "Always identify where and whom you are with." Many parents set limits for younger children's use and have their teens take responsibility for their own cell phone bills.
- **Discuss appropriate circumstances, places and uses for cell phones with your child:** 82 percent of people report having been annoyed by loud or personal cell phone conversations in public. Don't let your child be one of these irritants.
- **Establish rules around cell phone use at night:** Require your children to turn cell phones off at night and keep them in a common area rather than allowing them to take them into their rooms, where they can talk or text message late into the night.

- **Consider a child-friendly cell phone for your child:** Some phones made especially for kids allow you to control whom your child can call, or offer only "mom" and "dad" buttons so no other calls can be made.
- **Teach your kids to only answer calls or view text messages from people they know:** Like the Internet, cell phones are becoming a vehicle not only for bullying, but also for sexual predators and for scams.
- **Help your kids save money:** Consider purchasing a pre-paid plan with a limited number of minutes for your teens, and remind them to "budget" their minutes. Also, turning off text messaging and Internet capabilities on your child's phone will help keep bills low. ■

Family Mobil Phone Plan, *Continued from page 1*

buy, plus it entices you to stay with your plan instead of switching to a competitor.

Is Sharing Minutes a Good Idea?

Chatzky says it depends on how responsible the members of your family are. If everyone cooperates and stays within their predictable minutes, then yes, it can be a good idea. "But the moment a chatterbox starts treating Anytime Minutes like water, they'll talk you into bankruptcy," she says. Even on family plans, going over on your minutes can cost you 40 cents for each additional minute. An extra two hours of talking each month can cost nearly \$50.

Ballpark Minutes for Your Family

If each person has had an individual phone in the past, you can just take the minutes your family members have been using and add them up. If you're giving phones to your teenagers, talk to them about how they plan on using (or you plan on allowing them to use) the phone. Then teach them how to use the feature on the phone that lets you track the usage.

When selecting a family plan, it makes sense to buy slightly more minutes than you think you'll need. If you go over, you could find yourself stuck with a bill that's double the size you anticipated.

If you're thinking about changing your current plan to a family plan, it's easier to do so if you stick with the same carrier, according to Chatzky. They're usually willing to do this (just as they're willing to reduce the number of minutes you're buying each month or make other adjustments to your plan) if you're willing to extend the length of your contract. ■

A Prepaid Cell Phone May be the Way to Go

Writing for Bankrate.com, Lucy Lazarony says selecting a mobile phone and calling plan at random and handing the phone to your child is a great way to waste a whole bunch of money. The biggest problem stems from picking out a calling plan that doesn't match your teen's calling patterns.

Let's face it, teenagers aren't going to keep the phone in the car just for emergencies. They'll be calling and text messaging their friends within seconds. And once they blow through the minutes allowed in the inexpensive, just-for-emergencies calling plan you chose, you'll be stuck paying 45 to 50 cents per minute on a whole bunch of overage calls before the month is through.

Without question, a cell phone is like a blank check in the hands of a teenager. It's very easy for the bills to get out of control which is why it may make sense to consider a prepaid cell phone for your teen.

SavingAdvice.com offers the following helpful information concerning the pros and cons of prepaid mobile phones:

Without question, a cell phone is like a blank check in the hands of a teenager.

- **No contracts or monthly bills:** Prepaid cellular phones do not require you to sign any contract nor pay any monthly bills. Some providers allow you to buy minutes in increments much like you would a prepaid phone card. When the amount you paid for

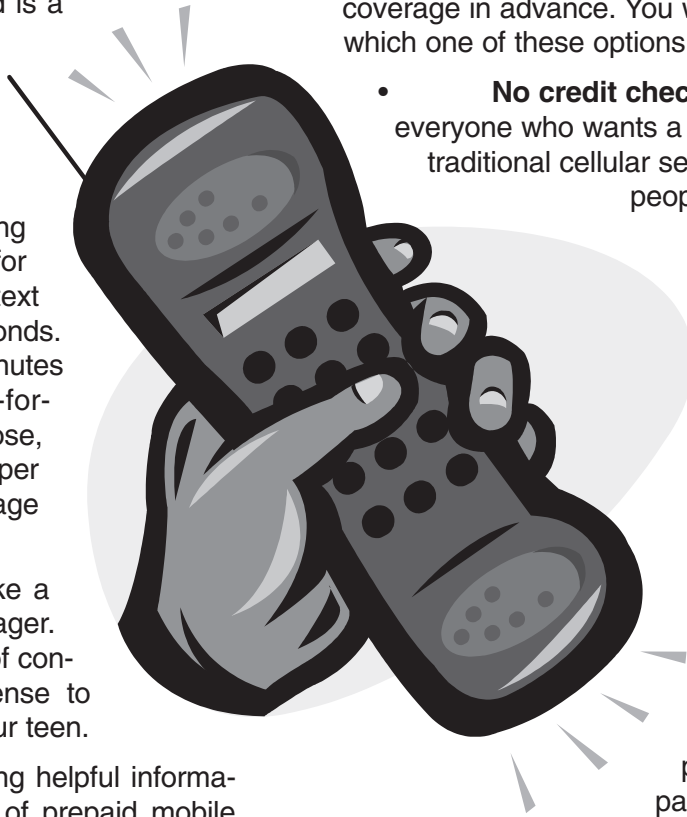
is up, the service will no longer work until you buy more airtime. Most prepaid providers work by the "buy your minutes" model mentioned above, while some prepaid cell phone providers have monthly plans, much like a regular cellular service provider. Still others let you buy up to a year's worth of coverage in advance. You will need to decide which one of these options works best for you.

- **No credit checks or deposits:** Not everyone who wants a cell phone can get a traditional cellular service plan. Some people go to all the trouble of shopping for the best plan and picking out their phone only to be denied service because of a credit problem. Prepaid cell phones are available without the traditional credit check hurdle.

- **No age limit:** Prepaid cell phones can be a good option for teenagers.

Some prepaid cell phone plans allow parents to pay for the monthly minutes usage or let their kids pay cash to buy their minutes at thousands of convenient locations.

You do not have to worry about the teens driving up big bills since the usage will be limited. It will also be a lesson on teaching them how to budget their money. ■



Family Financial Education Foundation

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