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Cutting Your Internet Bill, Part II

If you are looking to cut the costs of your telecommunications systems, understand up front that you will be lied to, lied about, mislead and confused. The companies that provide these services have absolutely no interest in giving you real and usable facts with which to make valid decisions.

Dave McClure • Mar. 11, 2013

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**(This is Part II of a three-part series
from Dave's '[Bleeding Edge](#)'
blog. [Click here to see Part I.](#))**

You will be treated as though you are moderately stupid, or simply handed off by a customer service representative who has no power to help you in the least. Nor is the government in your corner – except in the case of cell phones.

But if you are willing to do a little work and introspection, here are some steps you may take.

1. If you have a cell phone, get rid of the home phone. That's \$50 per month of unnecessary service and taxes. Yes, the phone company does offer lower rates on a DSL line if you bundle it with a home phone, but is it really worth the difference? If you work in real estate or the legal profession, which still clings to the fax machine because of antiquated laws, you may not be able to do this. Otherwise, untether.

Today.

2. Learn how much data you actually use. According to AT&T, the average family only uses about 19 Gb of data per month. But that is sheer nonsense, and if you are foolish enough to believe that, you will be paying “excessive data” charges until the cows come home. Download a free utility called the ShaPlus Bandwidth Meter and run it for a week or two, then calculate your daily bandwidth use.

As a single person who does not visit porn sites, does not stream movies and uses a minimum of social media, I still manage to average a whopping 2 Gb per day, or 60 Gb per month. On one machine. My two teenage boys use about 80 Gb each. Total for the month in the McClure household is therefore about 220 Gb. Fortunately, most cable Internet and DSL services allow you up to 250 Gb before they penalize you. But the lesson is that you probably use more data than you think.

Cell phone usage is even worse. While the average cell phone user only consumes about 500 Mb per month, the top ten percent use more than five times that much – and pay for it. Mind you, this is just for navigation, email, and occasional browsing. Try to stream video and you will bust your 2 Gb monthly allotment quicker than you can say “YouTube.” I know this because my cell phone provider is required to tell me how much data I have used, and how much is available to me before the next billing cycle.

3. Can you really replace your cable or satellite or fiber video service with a streaming video site that has some movies and some TV shows? Of course not. They are at best poor replay services, and as Netflix discovered to its horror, the moment you start to cut into the revenue of any other video service they will cut you off faster than a casino gambler with bad credit.

Avoid streaming video services unless they are exactly what you want and you cannot live without them. Same goes for premium movie channels, “adult entertainment” channels and “on-Demand” services from your provider. They are suckers bets for people with too much money to burn.

Here is the deal about movies. Hollywood produces about 200 movies per year, about half of which are crap you would not watch in a million years. The rest they import from India, the UK, or god knows where else. Those 120 or so movies that are worth watching fill about 240 hours...or 1/3 of the month. Once they show them at three times, they still have to fill another 11 months of crap to justify their existence.

The point is that the distribution systems says that if you are willing to wait a little while, you can see these movies on free TV for nothing. And if you cannot wait a while, both Redbox and Blockbuster offer recent movies for as little as \$1 per day.

If movies are important to you, then bite the bullet and pay for Stars and Encore. These are very good and relatively low-cost services with a ton of movies. Do not get suckered into a 30-day or 60-day trial of other services – the providers are counting on you forgetting to turn the channels off after the trial.

4. Figure out what how many minutes or messages you use for calling and texting on your cell phone. If the company offers an “unlimited texting” plan for \$5 to \$10, take it. Texting is a rip-off (costs the cellular company virtually nothing for a text message, but you pay about \$.20 per message), so any reasonable unlimited plan is the way to go.

Then figure out how many minutes of talk time you actually use. The cell phone companies generally set their lowest tier below the number of minutes the average user needs, and the next tier up about 50 percent higher than the average user needs – and charges steep fees for additional minutes.

Here’s an easy tip to make the cellular companies work for you. After checking the minutes on your most recent bill, call customer service and ask them to run a check on minutes used on average over the past six months. Then ask them to tell you if you are on the very best and most economical plan for your uses. Plans change every day without notice, and you might be surprised at what you can get by asking a simple question.

Do the same with your data usage for a smart phone, and ask whether there are any newer and less expensive data plans. You may be asked to sign a new, two-year contract. If so, proceed with caution – contracts are often a trap to ensure that you pay the highest possible rates without the ability to change carriers.

5. Aren’t there low-cost cellular programs that do not require a contract? Yes, there are, and they use the same networks as AT&T, Verizon and Sprint. What is the catch? You have to pay the full cost of the phone up front. Because they are not guaranteed two years of excessive fees to amortize the cost of the phone, the smartphone you used to get for \$.01 will cost you \$300 to \$600. When you can, buy one that has been “unlocked” and is not tied to any one carrier.

You can buy such service at Walmart, through the AARP, and through dozens of other carriers. Using them will save you a thousand dollars or more per year on cellular costs. The down side is that you pay up front for the phone, and you will

not get the latest and greatest smartphone the day it is released. In some cases, your access may be more limited, and data speeds definitely reduced from the newest 4G and LTE offered by the big carriers. If that does not matter to you...this is the kind of plan you should use.

Is this the end of it? No, not even close. I have another five tips for cutting your communications costs, and will post them next week. In the mean time, you have some research to do!

(This is part II of a three-part series from Dave's 'Bleeding Edge' blog. [Click here to see Part I.](#))

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