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Long Distance Service – Price per Minute

By Wilson Dennis

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When are fundamental laws of mathematics no longer applicable? When is 4 greater than 5? When your talking about long distance service, that's when. Most long distance service providers tout their cost per minute. However, when comparing costs, you need to read the fine print and do a few calculations. Many long distance service providers, including the discount long distance providers, have other charges with effectively raise the cost per minute of their service.

Many long distance companies charge a monthly fee in order for you to get a particular rate for long distance. Other long distance service providers, have monthly minimums you must meet or you are assessed an additional charge.

The key to getting a good deal on your long distance service is to know your usage. The key things to know, how many minutes do I use in a month, does it vary a lot from month to month, and are there particular states I place most of my calls to.

Armed with this information, you can take the ?additional? charges you are likely to pay, divide it by your usage, and add that to the rate per minute your long distance service provider is charging you. That will give you a true cost per minute which can be compared between providers.

Some examples will probably help. Lets help Mary, Joe, and Mike figure which of three plans to select. The plans are as follows:

Plan A

\$.04/minute, plus monthly fee of \$5.95

Plan B

\$50.00 for 1200 minutes, plus \$.07/minute over the 1200 mins.

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Plan C

\$.10/minute, no other fees.

Each of them gets out their phone bills for the last year, and checks their long distance usage.

Mary

Mary used 14,400 minutes of long distance service in the last 12 months, an average of 1200 minutes each month. She would use 600 minutes one month, than 1800 minutes the next, the pattern repeating throughout the year. For Mary the costs of the plans would be:

Plan A

600 min. months: $(\$0.04 \times 600) + \$5.95 = \$29.95$

1,800 min. months: $(\$0.04 \times 1800) + \$5.95 = \$77.95$

Her total bill for the year: $(6 \times \$29.95) + (6 \times \$77.95) = \$647.40$

Total cost per minute: $\$647.40 / 14,400 = \$0.045/\text{minute}$

Plan B

600 min. months: \$50.00

1800 min. months: $\$50.00 + ((1800 - 1200) \times \$0.07) = \$92.00$

Her total bill for the year: $(6 \times \$50.00) + (6 \times \$92.00) = \$852.00$

Total cost per minute: $\$852.00 / 14,400 = \$0.059/\text{minute}$

Plan C

600 minute month: $600 \times \$0.09 = \54.00

1800 minute month: $1800 \times \$0.09 = \162.00

Her total bill for the year: $(6 \times \$54.00) + 6 \times \$162.00 = \$1,296.00$

Total cost per minute: $\$1,296.00 / 14,400 = \$0.090/\text{minute}$

Joe

Joe also used 14,400 minutes of long distance service in the last 12 months, an average of 1200

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minutes each month. Joe used 1200 minutes each and every month. For Joe the costs of the plans would be:

Plan A

Each month: $(\$0.04 \times 1200) + 5.95 = \53.95

His total bill for the year: $12 \times \$53.95 = \647.40

Total cost per minute: $\$647.00 / 14,400 = \$0.045/\text{minute}$

Plan B

Each month: \$50.00

His total bill for the year: $12 \times \$50.00 = \600.00

Total cost per minute: $\$600.00 / 14,400 = \$0.042/\text{minute}$

Plan C

Each month: $1200 \times \$0.09 = \108.00

His total bill for the year: $12 \times \$108.00 = \$1,296.00$

Total cost per minute: $\$1,296.00 / 14,400 = \$0.090/\text{minute}$

Mike

Mike only used 1,200 minutes of long distance service in the last 12 months, an average of 100 minutes per month. Mike used 100 minutes each and every month. For Mike the cost of the plans would be:

Plan A

Each month: $(\$0.04 \times 100) + \$5.95 = \$9.95$

His total bill for the year: $12 \times \$9.95 = \119.40

Total cost per minute: $\$119.40 / 1200 = \$0.099/\text{minute}$

Plan B

Each month: \$50.00

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His total bill for the year: $12 \times \$50.00 = \600.00

Total cost per minute: $\$600.00 / 1200 = \$.50/\text{minute}$

Plan C

Each month: $100 \times \$.09 = \90.00

His total bill for the year: $12 \times \$9.00 = \108.00

Total cost per minute: $\$108.00 / 1,200 = \$.090/\text{minute}$

So Mary should use Plan A (4.5 cents/minute), Joe should use Plan B (4.2 cents/minute), and Mike should use plan C (9.0 cents/minute). Three different people, looking at the same 3 plans, with 3 different results. The lessons: know your usage, and figure your cost per minute.

Wilson Dennis is a writer specializing in business technology articles. He is the creator of the website <http://www.home-office-phone-tips.com> which covers articles on Home Office Phone topics.

Shrink Your Long Distance Bill, Part 2

By Chris Andrews

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In part one we looked at plans for the average long distance caller. But what if you make LOTS of calls?

– High Usage Plans –

Let's say you make three, four, five hours of long distance calls each week. There are four different service types you want to consider:

- 1) A Per Minute Plan.
- 2) Bundled Service, which includes both unlimited local and unlimited long distance for one set rate.
- 3) Unlimited Long Distance, for a set monthly price.
- 4) Fixed Price Long Distance, ie: \$30/month for up to 3000 minutes.

If you use a lot of long distance, it's worth sitting down with a calculator and doing a little figuring.

Start by estimating how much time you spend making long distance calls. Figure out what this would cost using a low cost per minute service. Compare this to what you would pay with an unlimited or

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fixed price long distance service in your area.

Then combine your estimated long distance cost with the price of your current local service bill. Compare this with what you would be paying for a bundled (combined) local and long distance service.

Keep in mind that fees and taxes often raise the advertised price of most unlimited plans by \$10 to \$15 a month.

If it looks like a bundled, unlimited or fixed price long distance plan would be cheaper than using a per minute service, your next step is to read the plan's fine print.

Most 'unlimited' plans are actually limited in the fine print. Generally you'll have lots of time, but not endless time. Look for anything that indicates additional charges for in-state long distance calls. Do you make international calls? Check to see if they are included. Be aware that some unlimited plans are only unlimited if the person you're calling to is on the same plan.

Unlimited plans can be great for high usage callers, but it's very important to read the fine print and fully understand the plan before you sign up. Keep in mind that you're committing yourself to pay for a high priced plan whether you use lots of service or not. If the amount of long distance you use varies

from month to month, you might come out ahead by sticking with a per minute plan. Calculate out the costs and consider your future calling patterns carefully.

– Compare and Save –

When considering any long distance plan (whether per minute, fixed or unlimited) you need to get a list of the following costs: the interstate (state to state) rate, the service fee, USF Charge, PICC Fees, Carrier Recovery Charge, in-state rates, and any minimum usage requirements. If you make international calls, get international rates and any international plan fee.

These costs vary from company to company. If you can't find them on the company's advertisement or website, ask about them. Asking questions is a good way to learn what the company is like before you sign up with them.

You CAN make a smart choice when it comes to long distance. It's well worth applying yourself and getting a lower rate.

Chris Andrews is the president of Andrews 3.8¢ Long Distance. He provides free consultations to our readers. Just email your long distance questions to chris@andrews.com. New customers are welcome, visit <http://www.andrews.com> for details.



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