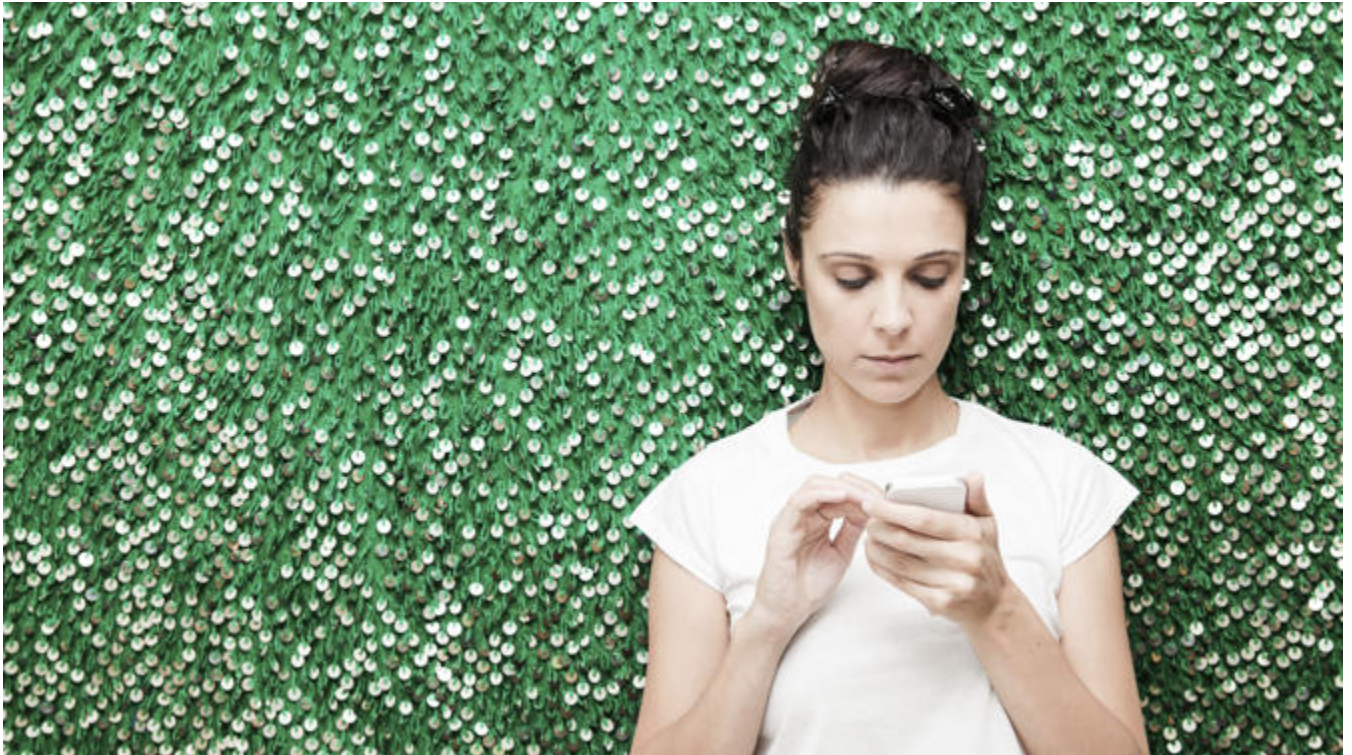


# 6 reasons your phone bill keeps rising



Isn't technology supposed to get cheaper as the years go by? That's not the case with cell phones and their service plans, which eat up a larger chunk of household budgets every year.

The average monthly cell phone bill has soared in recent years to well over \$100. A study earlier this year found that Verizon ([VZ](#)) was the most expensive carrier, with an average customer bill of \$148 a month. Sprint ([S](#)) and AT&T ([T](#)) weren't that far behind, and T-Mobile ([TMUS](#)) was the least expensive of the Big Four carriers at \$120.

Americans spend nearly [50 percent more](#) on mobile phone service now than they did in 2007. Sure, we grumble about it, but we pay it -- and then we take on even more costs when the new must-have phone comes out or when we want to add family members to the plan. Some families with multiple phones pay \$300 or \$400 a month for that luxury and are forced to cut back on other areas of spending as a result.

Phone bills are climbing for a number of reasons, and those increases show no signs of slowing down anytime soon. Here are six reasons your phone bill keeps rising:

**1. Taxes are up.** Americans pay about 17 percent of their phone bills in federal, state and local taxes and fees, according to [a recent report](#) from the Tax Foundation. That breaks down to a 5.8 percent federal rate and an 11.2 percent rate for state and local taxes. In 2006, only about 14 percent of the average bill went to taxes and fees.

In four cities -- Chicago, Baltimore, Omaha and New York -- the tax zooms up to more than 25 percent of the total bill. Chicago, for example, recently increased its 911 emergency fee to \$3.90 a month per line from \$2.50 a month. Similar hikes are taking place across the country.

**2. Fees are sneaking in.** Cell phone carriers are coming up with more fees for different levels of service. There's the activation fee for each line, which can run \$35 or more. There's often a fee when you buy a new phone or if you extend your contract. Then there's that early-termination fee, which can run into the hundreds of dollars.

Roaming fees, the ones you pay when you travel outside a carrier's service area, have confused cell phone users for years. Those rates are at the center of an ongoing carrier [squabble](#) in which T-Mobile is claiming that AT&T and Verizon charge unreasonably high roaming charges.

**3. Unlimited data plans are scarce.** Carriers were fine with offering unlimited data plans years ago, but that was before they realized that phone users are voracious data hogs. Now, many have capped data plans and charge customers for going beyond the limit. Others don't enforce a limit but throttle speeds when users hit a certain threshold.

Although they drive users crazy, those caps could give companies another money-making opportunity as well. In the future, some content providers might be willing to pay to keep their services from counting against a customer's data limit. ESPN, for example, has shown an interest in [paying some overage charges](#) for its mobile viewers.

**4. We can't get enough data.** It's so easy to blow through a data cap because the very concept is bewildering to most Americans. What does a 300-megabyte data limit even mean? And who wants to deal with data caps when there are high-definition movies to watch, hours of Pandora to stream and a "Simpsons: Tapped Out" village that must be maintained?

Newer phones are powerful computers in their own right, and they eat up much more data than their predecessors. A person's average data consumption doubles with every generation of Apple's iPhone, one telecommunications analyst [told The Huffington Post](#).

The average smartphone user now consumes 900 megabytes per month in data, [according to Ericsson](#). That's expected to rise to 3,500 megabytes by 2020.

**5. Everyone wants their own phone.** It might feel like you're living on an alien planet when your third grader comes home and asks for an iPhone. But more and more children are clamoring for smartphones, and now it's common for households to have three or more cell phone lines each.

The U.S. now has 172 million smartphone owners, a 22 percent increase from a year ago, [according to comScore](#).

**6. We're dumping our landlines.** It can be awfully expensive to maintain both a cell phone and a landline phone. More than 40 percent of U.S. homes have cut their landlines and now just use cell phones, according to this year's National Health Interview Survey. Often, those phone

owners consider more expensive phone plans to make up for the landline loss. Of the houses left with both landline and cell phones, more than a third don't use their landlines at all anymore

<http://finance.yahoo.com/news/6-reasons-your-phone-bill-keeps-rising-163915865.html>