



Early Termination Fees Made Simple

Early Termination Fees are charges you must pay if you want to get out of your cell phone contract before it expires - typically two years

Consumer Tips

- When signing up for a new cell-phone service, make sure you are fully aware of any “early termination fees” (ETFs) that may be associated with the contract you are signing. The salesperson may not mention an ETF, so be sure to ask.
- Ask how much the early termination fee will be and how it is prorated. Prorating means that the amount of the ETF you are responsible for decreases month by month. But different carriers prorate different plans in different ways. For example, one \$240 ETF might decrease by a steady \$10 a month over two years, while another high ETF might drop by only \$5 a month until the last four months.
- Ask if it would be possible to buy a handset at full price and avoid an ETF.
- Think before you make any changes in your contract, such as buying a new phone or more minutes that your carrier might offer. This could trigger a new two-year contract with another ETF.
- Ask about the trial period during which you can cancel the service without an ETF penalty. This is typically 14 to 30 days. Also ask whether you will get your first bill before the trial period is up – and if not, whether you can find out about your costs during the trial period in another way.
- If you use your phone sparingly, consider avoiding the whole ETF issue by buying a pre-paid phone. These phones do not involve a contract.