

Verizon to Extend Phone-Upgrade Waiting Period

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NEW YORK (AP) — Verizon Wireless, the country's largest cellphone carrier, on Friday said that it is extending the time it takes to earn a subsidized phone upgrade from 20 months on contract to 24 months.

The move will save Verizon money, since it subsidizes each new smartphone by as much as \$400 to get the price down to \$199 or lower. With less frequent phone upgrades, it will pay out less in subsidies.

In a statement on its website, Verizon said the move aligns its policy with the typical length of a phone contract, and with the way people buy new phones. The change takes effect with contracts expiring in January.

The change also reflects the growing popularity of expensive phones. Verizon subsidized upgrades after just 13 months until January 2011, when it introduced the 20-month period just before it started selling the iPhone, which is one of the most expensive smartphones.

Verizon sold 9.8 million smartphones in the last three months of 2012, up 27 percent from same period the year before. Of those, two-thirds were iPhones.

Verizon Wireless is a joint venture of New York-based phone company Verizon Communications Inc., which owns 55 percent, and British cellphone company Vodafone Group PLC, which owns the rest.

Customers at No. 2 carrier AT&T Inc. are eligible for upgrades after 20 months.

Breaking with industry practices, No. 4 wireless carrier T-Mobile USA ditched its service contracts and phone-upgrade waiting periods two weeks ago in favor of selling phones on installment plans.

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