

## The TV Debate: Should You Cut the Cable Cord?

*Presented by C.J. Ferrari and Mark Miller*

If you think your cable bill is getting out of hand, you're not alone. The cost of cable has skyrocketed over the last decade, with the average monthly bill climbing to nearly \$90 for basic and premium channels, according to the NPD Group, a market research firm. To make matters worse, cable bills are on track to reach \$200 per month in 2020, NPD says, as customers shell out about 6 percent more annually.

Cable TV has become so ingrained in our culture that it might be difficult to imagine life without it. But the tides are turning in the entertainment industry, as the Internet ushers in a host of new viewing options. Could cable really be on its way out? According to a study by Nielsen, the number of "zero TV" households—those that don't subscribe to cable TV—increased from 2 million in 2007 to more than 5 million in 2013.

Think you're ready to pull the plug on cable? Here are some factors to consider.

### What could you save?

Many families could use an extra \$90 per month, and the savings are even more dramatic if you calculate the cost of cable over a lifetime. What if, starting at age 23, you instead placed this money in an investment portfolio, leaving it there until you reached age 80? Using AARP's investment calculator ([www.aarp.org/money/investing/investment\\_return\\_calculator](http://www.aarp.org/money/investing/investment_return_calculator)), assuming a 6-percent rate of return and an inflation rate of 3 percent, you could potentially save nearly \$512,000!\*

Of course, the amount you're able to put away will vary depending on your current cable package. If you have a bundle deal that includes phone, TV, and Internet, the fee for standalone Internet may be more than you expect, as bundled services typically come at a discount. Be sure to look into the actual costs of keeping your Internet and phone service, along with any cable alternatives you're interested in.

### Cable alternatives

Thanks to a growing array of web-based services, canceling your cable subscription no longer means missing out on your favorite programs. Here's a look at some of the more popular options:

- **Streaming video-on-demand.** Streaming services such as Netflix, Hulu Plus, and Amazon Prime offer a wide variety of TV shows and movies that you can access any time you choose. At about \$8 per month (slightly less for Amazon Prime), a subscription to one of these services is a steal compared with the \$1,080 average yearly cable bill. To stream the content directly to your TV, you'll also need to purchase a device like Apple TV (\$99) or Roku (\$49), or use a gaming system, like Nintendo Wii. An even less expensive option is to connect your computer or smart device directly to your TV with a cable or cord. And for mobile viewing, these subscriptions include an app that you can download to your tablet or smartphone.

- **Free online programming.** Major TV networks like NBC, ABC, and FOX make full episodes of some programs available on their own websites, for free. You can also view a variety of TV shows and movies on Hulu without a subscription.
- **Setting up your TV the old-fashioned way.** No longer limited to “rabbit ears,” television antennas are making a comeback. Depending on where you live and the type of antenna you choose, you may be able to pick up a number of basic HD channels.

### What you might miss

Of course, cable TV hasn't been around this long by accident. Before you cut the cord, be sure you're ready to part with the perks.

- **A variety of channels.** If you love flipping through channels to find interesting new shows, cable may be worth the cost. Plus, programs from some premium channels, like HBO and Showtime, aren't always available through Netflix and other streaming services. (You need a regular HBO subscription to access shows through HBO Go, the network's online service.)
- **“First viewer advantage.”** In the age of social media, it's hard to avoid spoilers for TV shows and movies. Although some shows may be available for streaming immediately after they run on television, there may be a long wait for other series. If you're impatient, then cable TV might still be your best bet.
- **News broadcasts and live sports.** Though news is available from many online sources, you may prefer to tune into your local broadcast. Perhaps the main reason that many people keep cable, however, is coverage of live sporting events. (Cable companies have figured this out and don't offer ESPN in basic packages.) Unfortunately, the options for watching live sports online are often quite limited. For example, NBA League Pass offers a subscription for up to 40 live games, but only if the games are out of your local market.

### Still not sure?

With all the entertainment options out there, sorting through your choices can be time-consuming. *MarketWatch's* cord-cutting calculator—available at <http://projects.marketwatch.com/are-you-ready-to-cut-the-cable-cord-interactive-calculator-2013>—can help you find a solution that fits your needs, as well as tell you how much you could save each month.

And if cutting cable seems like too big a step, here's another idea: Simply call your cable provider and try to negotiate a better deal on your current package.

*\* This is a hypothetical example and is for illustrative purposes only. No specific investments were used in this example. Actual results will vary. Past performance does not guarantee future results.*

###

C.J. Ferrari and Mark Miller are financial advisors located at 400 SW Bluff Dr., Suite 107, Bend, OR 97702. They offer securities and advisory services as Investment Adviser Representatives of Commonwealth Financial Network®, Member FINRA/SIPC, a Registered Investment Adviser. They can be reached at 541-639-8055 or [cj@millerferrariwm.com](mailto:cj@millerferrariwm.com) and [mark@millerferrariwm.com](mailto:mark@millerferrariwm.com).

