

The Cost of Owning an iPhone 7 Plus After Trading an iPhone 5 at Verizon

Today I went into the Verizon store and decided to upgrade my phone to the iPhone 7 Plus 128GB model. I've had an iPhone 5 for almost 4 years now. Without much use, the battery power in my iPhone 5 can drop from 100% charge to 70% charge in just a couple hours. My iPhone 5 also powers down when it gets around 20% battery power. Over the last year or so I've bought many [car chargers](#) and [wall chargers](#) so I can charge my phone everywhere I go.

I have thrown around the idea of buying a [battery replacement kit](#) recently, however that really wouldn't solve the slowness I experience from my phone. Also, it takes really bad pictures and they often times turn out grainy and dark. I've ruined some good photo opportunities of my kids because the camera takes awful pictures. I'm not sure why the camera has gone down hill in my phone.

I wanted to see how much my iPhone 5 ended up costing over it's lifetime and compare this to the costs of my new iPhone 7 Plus.

//

Cost of My iPhone 5 - 32GB

When I bought my iPhone 5 in December of 2012, the 32GB model was selling for \$749 + tax. The total came to \$793.94. Sounds crazy to pay this much for a phone but when they package it up into your monthly cell phone bill and spread out the cost over a couple years, most people don't blink an eye.

By the time I receive my new iPhone 7 Plus, I will have owned my iPhone 5 for 47 months. Here is the monthly cost of my iPhone 5 over the time I have used it:

$$\$793.94 / 47 \text{ months} = \$16.89/\text{month}$$

The monthly cost seems a bit ridiculous but here's the deal. This was my first iPhone. I've had so many other crappy phones in the last 15 years. The very fact that I was able to hold onto one phone for almost 4 years is a great thing. I can definitely say I got \$16.89 worth of value every month from having a reliable phone, even though I've been struggling with battery issues over the last year.

I have friends who went through 3 or 4 phones during the same period of time which were not iPhones. I'm not sure what their cost was, but they were paying for all those phones one way or the other. I'm happy that I did not have the hassle of switching phones that many times.

Cost of My New iPhone 7 Plus - 128GB

I ordered my new iPhone 7 Plus 128GB on September 20th, 2016. However I won't actually receive my phone until November 10th, 2016. Presumably because the iPhone has "sold out" however I think the phones are available, they just haven't [made their way to the U.S.](#)

At any rate, here is the cost breakdown of my new phone:

iPhone 7 Plus 128GB
Upgrade Fee

The Cash Lab

Formulas for Generating Money

<http://madcashlab.com>

Taxes

Total

\$869.99

\$20

\$62.30

\$952.29

I had to pay taxes and the upgrade fee of \$82.30 up front. Then the phone is financed over a 2 year time period. The increase to my monthly cell phone payment would normally be \$36.25 over the next 24 months ($\$869.99 / 24$).

However, many carriers are having a special promotion in September where you can [trade in your old iPhone](#) for a credit towards a new one. In my case, the credit is \$400! The sales associate said they would normally only pay \$55 for my iPhone 5. But the reason Verizon is doing buybacks of old phones is because people jump from carrier to carrier so much these days that they want to retain their customers.

I don't believe that at all. I feel the promotion is because cell phone carriers have agreements in place with Apple that they have to sell a certain amount of iPhones. Apple sales in general have been lagging so the pressure has been put on the cell phone carriers to produce higher sales.

So I decided to take the \$400 credit for my slow moving, battery dying iPhone 5. I've always kept all my old cell phones but I couldn't pass this up. Now my monthly cell phone payment will only increase to \$19.58 over the next 24 months ($\$869.99 - \$400 / 24$) instead of \$36.25.

//

Comparison of the Two Phones

Assuming I keep my iPhone 7 Plus for 47 months like I did with my iPhone 5, here is my monthly cost of ownership:

$$\$952.29 - \$400 / 47 \text{ months} = \$11.75/\text{month}$$

To recap my iPhone 5 cost over 47 months:

$$\$793.94 / 47 \text{ months} = \$16.89/\text{month}$$

The end result is my iPhone 7 Plus is going to cost \$5.14 less per month over a 47 month period.

Conclusion

Hopefully the iPhone 7 Plus will last as long as my iPhone 5. If so, my monthly cost of ownership will decrease \$5.14 for the next 4 years in comparison to the previous 4 years. I do realize there are other phones with far superior specs to the iPhone. I did look at the Galaxy, however I am too accustomed to iOS.

A cell phone is a commodity these days and most people would be lost without one. This is why I invest in companies like [MBT](#). As much as I hate to admit it, my phone is a necessity. So I am willing to pay the cost to own a good phone...and wait for it.

Hi readers! Are you replacing your old phone with an iPhone 7? Were you able to take advantage of any incentives? Or are you opposed to iPhones in general?

Want to get the latest posts from The Cash Lab? Make sure to subscribe on [Facebook](#), [Twitter](#), or by email or RSS reader (in the column to the right).