

Make The Best Of Your Rewards Cards

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Every cardholder should be completely aware of the contract they sign when obtaining a credit card. That is especially true of Rewards Cards. These cards offer cash back, airline miles, or other rewards based on card usage. However, many of them now have an annual fee attached that very well could negate any reward that the card could bring.

It is also wise to check on the exclusions, blackout dates, hidden taxes, service charges, or other fees that could be associated with the cashing-in of the promised reward. On everything except automatic cash-back cards, the best practice is to have a plan for how the potential reward will be used and work to make the plan a reality. And, the plan should not be “rack up as many miles as I can” either. Make the plan specific and be sure to know the card’s limitations, reward expirations, and what taxes and other charges may be due.

For those who carry a balance on their credit cards each month, it is usually better to shop around for a credit card that has a low interest rate. Rewards cards can lose most or all of the reward value just on the annual fee or on monthly interest charges. If so, a lower interest credit card (that doesn’t have a rewards program) could provide the ability to buy outright whatever the rewards card would have yielded at a big savings.