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As competition heats up, Canadians have options for finding the best rewards credit card

By IAN BICKIS The Canadian Press
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CALGARY—Credit card rewards can deliver great payoffs, but sifting through the points systems, introductory offers, shifting loyalty programs and fine print can make deciding what to put in your wallet a daunting task.

Fortunately, you can at least narrow down the options in a few steps, said Janine White, vice-president of marketplaces at RateSupermarket.ca, a comparison website.



If you are in a good place financially, the next step is to decide if you want a points-based card or straight cashback. (RYAN REMIORZ / THE CANADIAN PRESS)

The first step is an honest assessment of whether you're having trouble paying off your bill every month, since cardholders who carry a balance should skip the rewards cards and find a low-interest option.

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More and more people are choosing the simplicity of cashback, said Mary-Anne Huestis, co-owner of financial research firm MarketSense Inc.

“Cashback is a pretty transparent category. It’s not too difficult to figure out where you’re going to end up based on your spend patterns at the end of the year.”

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About 31 per cent of cardholders have a cashback card, compared with 13 per cent in 2006, said Huestis, as some customers have found programs like travel points can be frustrating because of extra charges, needing more points than expected or a shortage of available flights.

“On the travel side, with issues in seat inventory and that sort of thing, people don’t always end up with the kind of reward they think they’re going to get.”

For those who have become disillusioned with travel programs, especially after issues including [Air Miles switching their expiry policy](#) and [Air Canada cutting ties with Aeroplan](#), there are an increasing number of competitive cashback cards that can offer similar rewards and insurance coverage to travel cards, said Huestis.

Several big banks offer similar versions of a Visa Infinite cashback card, for example, which offers about 4 per cent cashback on gas and groceries and a lower percentage back on other purchases, and comes with an annual fee upwards of \$100. But the promotions they offer vary from waiving the first year of annual fees to increased percentage back for a limited time.

If the hundred dollars or more in annual fees is a worry, major banks also generally offer no-fee cards with lower cashback percentages.

However, many cardholders prefer the allure of travel. About 46 per cent of cardholders consistently hold travel rewards cards, said MarketSense co-owner Lynda Lovett.

“It’s that aspirational aspect, it gives you something to dream for. Taking a flight to Tahiti is a lot more fun than buying a fridge.”

Travel rewards cards make sense if you take frequent trips, if you’re a higher spender or have a strong loyalty to a brand, said Lovett.

The coming split of Aeroplan and Air Canada when the current contract ends in 2020 has also prompted banks to try and lure customers to their own travel rewards loyalty programs, meaning bigger introductory offers, she said.

Points users should look into how easy their points are to cash and be aware that their value can change, said White.

“If you like to travel and only travel at Christmas, but all Christmas dates are blacked out, then that’s probably not the card for you.”

Online calculators with details of each card can narrow the search further, as well as help decide if it’s worth paying a fee for the card depending on your spending patterns, said White.

Customers should also consider how widely cards are accepted, since some merchants don’t accept premium fee-based cards, such as American Express.

The no-fee space has become more competitive in recent years, with offerings such as the PC Financial program that recently merged with Shoppers Optimum and Canadian Tire’s expanded points program, while many cards offer both paid and free versions.

Introductory offers such as waived fees or early spending bonuses can also further narrow the field, though they shouldn’t be the main consideration, said White.

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If the type of card, introductory offers and calculators don't make the decision for you, it can pay to delve into the finer print for details including how much coverage there actually is for lost baggage, delayed flights, rental coverage restrictions and fees for various services, said White.

"The print is small and the text is long, but the information is always available."

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