



Rewards Cards: Which One Is Best?



My good friend Mike Albano recently asked me which credit card rewards program was the best. I didn't have a good answer...and perhaps that's because there isn't one. Nevertheless, I challenged him to do some homework and report back. His clear and insightful analysis on the best rewards cards follows below...with minor editing from the grammar police. 😊

First, there is no one best card. The best card for you depends on your preferences and spending habits. Are you someone who is motivated by "free" travel? Do you want to feel like you're getting that next Amazon purchase "for free"? Or maybe you're like 52% of Americans who just prefer cash back.

With so many options, how does one decide? My research shows the top three categories, in order of popularity are:

- 1) Cash Back
- 2) Gift Cards or Merchandise
- 3) Travel Rewards

I was surprised to learn that Travel Rewards was #3 in popularity among Americans. This may be due to the desire for flexibility when making travel arrangements. It's also worth noting that loyalty to one airline's rewards program often yields higher rewards than a more general use Travel rewards card, at the obvious cost of flexibility when redeeming those rewards. Something else to keep in mind is the "portal," which usually differs among each bank. The portal is the interface for redeeming your travel rewards. Chase, for example, recently [migrated from Connexions to Expedia](#). So chances are, if you've been happy with Expedia results when booking your travel in the past, you'll find that portal adequate. This restriction can be bothersome, however. For example, you cannot book Southwest through Expedia, so don't plan on using your Chase travel rewards with Southwest Airlines.

Rewards Cards Annual Fee

Two factors topped the list in each category when selecting a card:

1. **Annual fee:** Most people don't want to pay an annual fee, even if the end result is higher rewards. 72% of Americans surveyed have a rewards card with no annual fee.
2. **A sign-on bonus:** This typically comes in the form of a "bonus rewards" provided you spend a minimum amount within the first few months of having the card. These bonuses can be significant, often as much as \$500-600 in rewards (that's enough to cover the annual fee for 5-6 years).

Cash Back Rewards Cards

Discover Card pioneered the "cash back" incentive back in 1986. Now, it's hard to find any credit card company that doesn't offer some flavor of "cash back" rewards. If cash back is your thing, you need to consider the categories where you spend the most. Some cards offer up to 6% back on dining and entertainment, but only 1% on gas. For others, it's the reverse. You can check your current statements to see where you spend the most, or better yet, ask your credit card company for an annual categorized summary of your spending.

Merchandise Rewards Cards

If merchandise is your thing, it may be beneficial to use a card that aligns with your most frequent purchases. For example, online shoppers may like the 5% earned on Amazon.com with the [Amazon Prime Rewards Visa Signature Card](#).

The Bottom Line on Rewards Cards

No one card is best for all situations. Your spending habits and desired flexibility should ultimately guide your rewards card decision. If you're the type who likes to "game the system," something like [this](#) might work for you (rotating quarterly categories of higher % cash back). If you're the type who doesn't want to be bothered, something like [this](#) gives you a flat 2% (no fee, no categories, nothing to track).

After a lot of comparisons, [this author's choice](#) ended up being a flat 2.5% cash back (3% in the first year), regardless of category, with an annual fee of \$59. For what it's worth, an \$11,800 yearly spend seemed to be the breaking point at which other options, with no annual fee, should be considered.

Two Final Thoughts:

- 1) A lower interest rate is far more important than the generosity of the rewards program, if you do not pay off your balance each month.
- 2) If you travel overseas, get a card with no foreign transaction fees. Those are super-annoying.

Additional Rewards Cards Reading and Research:

- [Best rewards Credit Cards of 2018](#)
- Also check out [The Points Guy](#)
- Figure out the Visa [rewards category here](#).
- [Transferring rewards](#) among Chase accounts.

THOUGHT THIS WAS INTERESTING

Million Dollar Homes



- 3 million homes or 3.6% of the total number of homes nationwide are valued at \$1 million or more.
- 201 cities and towns have a median home value of \$1 million or more.
- 2/3rds of neighborhoods with median home prices above \$1 million are in California. Nearly 30 percent of California's neighborhoods have a median home price of at least \$1 million, the most by far of any state. New York, Florida, and Washington followed.
- The median home price nationwide has increased 45.3% since the market low in 2012, when only 1.5% of homes were valued at \$1 million or more.
- The median home price nationwide is currently \$220,100.

Source: [USA Today](#)