

How to Choose the Right Rewards Credit Card for You

If you use a credit card, you can probably benefit from a card that offers rewards. With so many options available, it can be hard to pick the best card for your needs. Here are some tips to help you decide.



It can be tempting to rack up purchases on your card, knowing that you're earning rewards as you go. However, spending money you don't have will negate any benefit you get from those rewards. Rewards cards are best for anyone who usually pays off their entire balance each month.

Know your credit score. Many rewards cards require a good or exceptional credit score (generally between 700 and 850). However, that doesn't mean you're out of luck if you have a lower score. Some banks offer rewards debit cards and other options that you might be eligible for. The [Discover It Secured Card](#) is a rewards card that doesn't require a high credit score, but you do need to pay a refundable deposit of at least \$200 to obtain the card.

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If you don't know your credit score, you can request it for free at annualcreditreport.com.

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Think about what kind of rewards you want. Two of the most popular options are travel rewards and cash rewards. If you're considering a travel rewards card, keep in mind that there are cards specific to certain airlines or hotels, as well as general travel rewards cards. If you're loyal to a certain airline or hotel, that type of card may be best. On the other hand, if you prefer to compare prices when booking travel and go with the best option, look for a general card with rewards that aren't restricted to a certain brand.

Do some research. Next, make a list of four or five cards you want to consider, and learn more about them on the credit card company's website. Factors to consider include:

- **Your credit.** Make a note of the required credit score for each card, so you'll know whether you're eligible.
- **Annual fees.** Many rewards cards have high annual fees. If the fee is higher than the amount you expect to earn in rewards, the card won't be worth it.
- **APR (Annual Percentage Rate).** The APR is the interest rate you'll be charged if you don't pay off your balance each month. Your specific rate will vary based on your credit, but look for a range. If there's a chance you won't pay your balance each month, look for the lowest APR possible.
- **Upfront bonuses.** Travel cards often offer bonuses after you sign up, but there are caveats. The [Chase Sapphire Preferred Card](#) offers a bonus of 50,000 miles (a value of about \$500), as long as you spend \$4,000 on the card in the first 3 months you have it. If you have a large purchase coming up, this is a great deal.
- **Rewards rate.** In addition to any upfront bonus, you'll earn rewards on every purchase you make using the card. These rewards are usually earned at a rate of 1 to 2%, and may be in the form of cash, points, or miles. Certain cards also have bonus rewards categories. The [Discover It](#) card offers 1% cash back on all purchases, plus 5% cash back on purchases in certain categories, such as restaurants or Amazon.com, that rotate every three months.
- **Other benefits.** Many travel cards offer additional perks such as discounted hotel stays and car rentals.
- **How you'll redeem your rewards.** If it's too difficult or complicated to redeem your rewards, there's no reason to earn them. Research how each card lets you redeem your rewards, whether it's as a statement credit or deposit into your account, or miles you use to book hotel or flight reservations. For travel cards, pay attention to whether you're limited as far as the airline or hotel chain you choose, and if there are blackout dates during which you can't redeem rewards. With the [Capital One Venture](#) card, for example, you can earn miles from any travel purchases and then redeem them as a statement credit, and there are no blackout dates.

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Apply. Credit card companies make it very easy to apply for their cards online. You can usually click a button to begin the process. You'll need to provide information about yourself, including your Social Security number.

Some companies offer instant responses, while others may take several days to let you know if you're approved. Once you do get approved, they'll mail your card to you and you can start earning rewards!

The credit card company will use your Social Security number to pull a credit report, which helps them determine whether they'll approve your application. Applying for several cards at the same time can lower your credit score, because credit card companies view it as risky behavior. This is one reason it's important to do your research before you begin to apply, and to apply for only one card at a time.

