

What to look for in credit card rewards programs

Friends tell us they get good deals with credit card rewards programs, so we're starting to investigate possibly signing up for one. What questions should we ask? We always pay our credit card bills in full every month.

Credit card rewards programs can indeed offer a welcome bonus simply for using credit as you normally do.

But there could be some pitfalls, so you're wise to not just jump into something like this without asking questions first. Keep in mind that any bonus will quickly be negated if you overspend or carry a balance on your card from month to month.

It's great that you always pay your credit card bills in full. That way you avoid finance charges on any outstanding balance. Even if the interest on your card is relatively low, the extra charges can add up quickly, and you risk getting in over your head if your credit card debt continues to climb month after month.

You should realize that if you sign up for a credit card rewards program, you could be tempted to use the card more often simply to rack up more bonus points. This is rarely cost-effective. It might be OK if you are just shifting expenses to the credit card for purchases you now pay for with cash or a check. But if you do this, you also need to remember to set aside money to pay off a larger bill at the end of the month. And you need to avoid splurging on items you wouldn't otherwise buy, even if the thought of those bonus points is always in the back of your head.



If you do sign up for a credit card rewards program, promise yourself to monitor your credit card use for at least the first few months. If you find yourself overspending, you'll want to make some adjustments, or decide to stop participating in the rewards program.

When you start investigating different credit card bonus programs, be sure to compare offers just as you would when signing up for any new credit card. For example, if you're mostly interested in travel-related rewards, compare at least three such programs to determine which offers the best deal for you.

Read the fine print regarding not only the bonus program, but standard credit card disclosures as well:

- For travel-related bonuses, determine if there are "blackout dates" or if the travel awards are good for only certain airlines or hotel chains, for example.
- If the program offers "cash back" or allows you to trade points in for gift cards, again, compare offers to see what has the most value for you.
- Also compare interest rates (both the "introductory" rate and the rate after that period expires), annual fees, late payment fees and transaction fees. They could make the difference on whether the bonus program makes sense for you in the long run.

Family Fundamentals is a monthly column on family issues. It is a service of the College of Food, Agricultural, and Environmental Sciences and its outreach and research arms, Ohio State University Extension and the Ohio Agricultural Research and Development Center. Send questions to Family Fundamentals, c/o Martha Filipic, 2021 Coffey Road, Columbus, OH 43210-1044, or filipic.3@osu.edu.



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Dear Subscriber: This column was reviewed by Polly Loy, family and consumer sciences educator with Ohio State University Extension, the outreach arm of the College of Food, Agricultural, and Environmental Sciences.

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