



Capital One Costco Credit Card Is Ending: How to Find an Alternative

Description

Another celebrity relationship is on the brink of break-up: by the end of 2021, Capital One will withdraw its partnership from retail giant **Costco**.

For those that hold a Capital One Costco credit card (try saying that five times fast), that leaves many questions unanswered. What will happen to your Capital One account? Who will Costco partner with next? Can you still use a [Mastercard](#) to buy Costco's pizza and churros?

It's a mystery, sure. But if there's one question you *can* start answering, it's this: how can you find an alternative credit card? To help you get a straight answer, let's breakdown the Capital One Costco card's benefits and see.

Capital One Costco card: The lowdown

First off, the Capital One Costco card is a store credit card, meaning it's available only to Costco members. As of this writing, the card has no annual fee and a flat APR of 19.75% for all transactions, including cash advances and balance transfers. It can earn 3% cash back on restaurant purchases, 2% on gas, and up to 1% on all other purchases. The card comes with a suite of free perks (price protection, extended warranty, travel insurance), and it can double as a Costco membership card.

How to pick an alternative

The 3% cash back on restaurants is pretty lucrative, as are the built-in perks. But, in all truth, this isn't a credit card that's irreplaceable. Perhaps the *only* benefit you won't find in other cards is the use of it as a Costco membership card. Aside from that, you can easily find an alternative.

To help you get started, here are just three questions you should ask yourself.

1. Do you want another store credit card?

Store credit cards are offered by retailers, such as **Loblaw** and **Canadian Tire**. They can typically be used universally, but the rewards themselves have limitations. You can usually only use cash back rewards for purchases made at the retailer's stores.

These limitations are why some people call store credit cards "closed-loop" cards: they anchor you to a specific store. If you shop exclusively at a specific retail store, such as Costco, you may not mind the cash-back restrictions. But if you want a card with more universal acceptance and application, you may want an *open-loop* card, or a card that's not branded with a specific retailer.

Truthfully, many open-loop cards, such as an **American Express** or **Visa** card, offer the same or better cash-back rewards as the Capital One Costco credit card. Earning 3% on restaurant purchases isn't bad, but many [great credit cards in Canada](#) offer *far* more lucrative rewards.

2. Do you want a credit card with no annual fee?

The Capital One Costco credit card had no annual fee, which, given that you're already paying an annual fee to be a member of Costco, makes sense. If you don't want to pay an annual fee, you can still find many great [cash-back credit cards](#) that don't require you pay anything to use them.

But before you dismiss the idea of paying a fee to use a credit card, [do a cost analysis first](#). Oftentimes, the extra cash back rewards on these cards will help you earn *far* more than what you pay to use them.

3. Do you want a credit card with the same perks?

Credit card perks are built-in securities and insurances that you don't have to pay for. For instance, the Capital One Costco card has a few great perks:

- **Price protection:** A refund on certain items that go on sale after you bought them at the full price.
- **Extended warranty:** Coverage that extends your manufacturer's warranty.
- **Rental car insurance:** Free coverage for certain incidents if you use the card to pay for a car rental.

Fortunately, these perks aren't unique to Capital One's credit card. Many great credit cards, in fact, offer even more perks than these. If travel and medical insurance are important to you, if you like the idea of having rental car insurance built into your card, then be sure to look for these perks when you're shopping for [a new rewards card](#).

Replace your Capital One Costco card with something better

Ultimately, the good news is this: with the sheer quantity of [great credit cards in Canada](#), you shouldn't have a problem replacing your Capital One Costco credit card with something better. While we don't know yet what Capital One will do once the partnership ends, whether they'll find a new credit card carrier or not, you can set yourself up for the long-term by shopping for a new cash-back card today.

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