



## Cash Back vs. Rewards: Which Will Earn You More This Holiday Season?

### Description

[Rewards credit cards](#) offer points and miles, which you can redeem for flights, gift cards, and merchandise. [Cash-back cards](#), however, put a fixed dollar amount back into your pocket for every purchase you make.

For Canadians looking to save a little extra this holiday season, cash-back and rewards cards can certainly help you take advantage of your spending. But when it comes to choosing between them, which one is better for your holiday expenses? Cash back? Or a rewards card? Let's take a look.

### When you should get a rewards card

[Rewards credit cards](#) are ideal for Canadian shoppers who expect to travel frequently during the holidays or who plan on making purchases at only one retailer, such as **Canadian Tire**.

Canadian travelers will benefit from a rewards card that earns miles for everyday purchases, as well as more miles for flights and hotels. If you have family that lives in another province or even across the border into the U.S., a rewards card could help you pay for your flights as well as protect you with extra travel insurance.

Rewards cards are also ideal for Canadians who do most of their shopping at one retailer. Many retail stores, such as Canadian Tire, offer a rewards credit card that will earn you more points for spending more in their store. Often, these retailers will give special bonuses and discounts to cardholders, especially around the holidays.

Finally, a rewards card might be ideal for Canadian shopper who want to snag a hefty welcome bonus. While, true, cash-back cards often have welcome bonuses, too, the bonuses on rewards cards tend to be higher.

### When you should get a cash-back card

[Cash-back cards](#) are great for Canadian shoppers who shop at various retailers or who would rather not deal with the complicated reward system of most rewards credit cards.

With a cash-back card, you'll earn a fixed amount for every purchase you make, with many cards offering bonus rates for certain expenses. For instance, your card could come with a base earn rate of 2%, with a 4% earn rate for grocery and gas purchases. If you buy groceries at multiple grocery stores, you can earn 4% back, no matter where you shop.

The same could be said for gift purchases. While, sure, you might earn more on a retailer's rewards card if you bought gifts at that store, a cash-back card allows you to earn the maximum rewards when you don't want to limit yourself to one place.

Finally, let's be real — rewards credit cards aren't exactly intuitive. The value of your miles and points often depends on how (and when) you redeem them, and if you're not careful, you could devalue your points by simply using the wrong redemption method. With a cash-back card, however, your rewards program is fairly simple. You know you'll earn money at your card's earn rate, which you can then redeem as a statement credit, gift card, cheque, or cash deposit.

## Who says you can't have both?

At the end of the day, your goal is to find a [rewards](#) or [cash-back cards](#) that aligns closely with your spending habits. Many of [Canada's best credit cards](#) will help you earn more for certain spending categories, but it's rare to find a card that will do it all. So, if you'll earn more money by using a rewards card for certain expenses and a cash-back card for others, by all means — do it. As long as you avoid carrying a balance on your cards, you could amass a tonne of miles and cash back in the next few months.

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