



Is There a Right Credit Card to Use for Christmas Shopping?

Description

Look out, retail stores; Canadian shoppers are finally out of lockdowns and ready to spend.

After being shut in for almost two years, Canadians are expected to spend around \$1,841 this holiday season — 31% higher than last Christmas. The data comes from Statistics Canada, who also reported that around two-thirds of Canadians are going to put that extra spending on a credit card.

Now, I'm a big fan of credit cards. As long as you don't charge more than you can afford, they can be a valuable instrument for your holiday shopping. That said, I think there's definitely one card, possibly a handful, that will be right for your holiday shopping. How do you know which one is right? Here's what I would look for in a credit card this holiday season.

1. Use a card that earns you the most rewards

Regardless of type or credit card issuer, the best credit card for you is the card that earns you the most [cash back](#) or [rewards points](#).

That may seem obvious. But you'd be surprised how many Canadians use a credit card that earns them meagre returns, simply because they didn't get a card that matches their shopping habits.

For instance, if you shop through multiple retailers online, you'd benefit from a [cash-back card](#) with a hefty base rate that earns you the same cash back for every purchase. However, for those people who are loyal to a single retailer, such as **Loblaw** or **Canadian Tire**, you'd benefit most from using that retailer's [rewards credit card](#). Often, retailers have rewards programs, too, which you can use alongside your rewards credit card (the infamous "double dipping" on rewards points).

I wouldn't use a travel credit card on your holiday shopping, unless your travel card comes with a good base rate, such as 2% or 3% back on all purchases. Likewise, a card that earns more for groceries might not be a good match, unless you plan to cook for your family and spend a lot at grocery stores.

2. Pick a card with price protection

Price protection is extremely valuable for holiday shoppers. Basically, as the name suggest, with price production, your credit card provider will refund you the difference if you buy a product for one price and it's available at a much lower price later on.

For instance, let's say you bought a new pair of kicks for \$120. A week after you started wearing your new shoes, the price goes down to \$90 a pair — same retailer, different price. Obviously, you can't take your shoes back (that would be gross). But if you bought your shoes with a credit card that has price protection, you don't need to: your credit card provider will refund the \$30.

3. Also, extended warranties

Along with price protection, a built-in extended warranty can be a godsend. Many of [Canada's best credit cards](#) will add an additional year of coverage to eligible purchases, ensuring that those expensive gadgets you bought still work next Christmas.

4. Don't forget about purchase protection, too

Purchase protection (or "damage protection") protects your stuff from accidental damage or theft. Sometimes retailers will try to guilt you into buying purchase protection on expensive products. But if your credit card has purchase protection built into it, you can save yourself some money. Just use the card to buy the product, and boom — you have it.

5. And get a card with a welcome bonus

Finally, let's not leave out the most exciting part of getting a new credit card — snagging that welcome bonus. If you're thinking about breaking up with your current credit card (possibly to get one with price protection), look for a card that has a hefty sign-up bonus. Your holiday shopping will help you hit the spending requirement, and you can pocket the savings.

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