



Here's How the CIBC Costco Mastercard Can Avoid Becoming a Major Disappointment

Description

As we get closer to 2022, we also get closer to the release of the new CIBC Costco Mastercard. So far, we know very little about this new [rewards credit card](#). All we know is that CIBC wants to “enhance the rewards program” and “deliver more value to their members.”

Promising words, sure. But how best could they fulfill them? Well, here are five things I deem essential.

1. Earnings on Costco purchases

The current [Capital One Costco Mastercard](#) has one major weakness: it doesn't earn extra cashback for Costco purchases.

In fact, it doesn't earn you much at all. Right now, your Costco Mastercard earns you .5% cashback on all purchases up to \$3,000. Once you exceed \$3,000 spent, your card will earn 1% back. Though 1% is better than half a percentage, it certainly doesn't hold up when compared with Canada's top [rewards cards](#) and [cashback cards](#).

That's not to say the card doesn't have some superior earn rates. The Capital One Costco Mastercard will earn you 3% cashback on restaurant purchases and 2% back on gas. Neither one of those categories have earnings caps, either.

But still, this is a Costco credit card. You'd think it would encourage you to shop at Costco by offering a higher earn rate for wholesale purchases. Even the U.S. Costco credit card offers a 2% cashback at Costco stores and Costco.com. Why not match that for the Canadian card?

If the card's earn rates stayed the same, I'd imagine many Canadian cardholders would be disappointed. That's not to say they would cancel their cards en masse. But it probably wouldn't encourage many non-Costco cardholders to signup, either.

2. A welcome bonus

Retail credit cards aren't known for their lucrative signup bonuses. But CIBC's travel cards *are*. Though I don't expect a massive welcome bonus for the CIBC Costco Mastercard, a small one surely wouldn't disappoint.

3. No annual fee

Right now, the Capital One Costco Mastercard has no [annual fee](#), unless you count the necessary Costco membership as a fee. If the new CIBC Costco Mastercard came with an annual fee, that is, a fee on top of the Costco membership fee, I'm confident CIBC would hear an audible groan from current cardholders.

4. No caps on earnings

One of the best features of the current Costco Mastercard is its unlimited earning potential. Not even the card's special earn rates (3% on restaurants and 2% on gas) have an earnings cap, which is unique for a card with this much earn power.

I'd be disappointed if CIBC implemented maximum earnings for each of its categories unless those caps were sky-high. For instance, the current Gold Star Executive Costco membership can earn you a maximum of \$1,000 each year, which comes out to \$50,000 spent. I'm willing to bet most Canadians don't spend over \$50,000 at Costco annually, making that earn cap reasonable.

5. A free monthly voucher at the food court

Hey — it's worth a try. A monthly poutine, or french fries with gravy, that's all I'm asking. Who knows, maybe the earnings on Costco purchases will be so superior, we won't need vouchers for free food.

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