



CIBC vs. Capital One Costco Mastercard: Is the New CIBC Card Really Better?

Description

The new year is approaching, which means one thing for **Costco Mastercard** holders: that new **CIBC** Costco Mastercard will be in your pocket sooner than you think.

But while the new CIBC rewards card looks good (excellent, even), many of us can't help but ask: is it *really* better than the Capital One Costco Mastercard? Neither [rewards card](#) will earn more cash back at Costco stores. So what really makes this card better?

Well, let's compare the two and see.

Base rate

When it comes to the base rate, there's no argument: the CIBC Costco Mastercard trumps the Capital One card any day.

That's because the CIBC Costco Mastercard comes with a 1% cash back rate on everyday purchases with no annual caps. The Capital One version came with a 1% rate, too, but you have to spend \$3,000 annually before your card earns 1% back. Until you spend \$3,000, your card will earn only .5%, which is fairly low.

CIBC: 1. Capital One: 0.

Gas earn rate

Now, here's where things get a little complicated.

The CIBC Costco Mastercard has a pretty lucrative earn rate for gas purchases. You'll earn 3% back on Costco Gas and 2% everywhere else. At first glance, this might seem better than the Capital One Costco Mastercard, which earns 2% on gas, no matter where you purchase it.

Here's the catch: the CIBC Costco Mastercard has annual limits on how much you can earn. Every

year, you'll earn 3% and 2% for up to \$5,000 spent. After you spend \$5,000, it doesn't matter where you buy gas, as you'll only earn 1% on gas purchases.

Assuming you only buy gas at Costco, then, your CIBC Costco Mastercard would earn you \$150 for your first \$5,000 spent. If you spent another \$5,000 on gas, then you would earn \$50.

Now let's compare that to the Capital One Costco Mastercard. Let's say you use your card to buy gas (it doesn't matter where), and you bought \$10,000 of gas in one year (stay with me here.) You would earn \$200, the same as the CIBC Mastercard. After \$10,000, the Capital One Costco Mastercard starts to trump the CIBC version for this specific example.

Of course, unless you're a truck driver, you probably don't spend \$10,000 a year on gas. In fact, I'd be surprised if you even spend \$5,000. So while, in theory, the Capital One card seems more advantageous than the CIBC version, in practice, the CIBC will likely earn you more cash back for gas, especially if you buy from Costco.

I'll give a point to each for this round: CIBC: 2. Capital One: 1.

Extra insurance

When it comes to free insurance, the Capital One Costco Mastercard has so far trumped the CIBC card in all cases except one.

But let's recap a bit. With the Capital One Costco Mastercard, your card comes with these types of coverage:

- Price protection (\$500 per year)
- Extended warranty (two additional years)
- Purchase protection (120 days)
- Travel accident insurance (up to \$250,000)
- Baggage delay insurance (\$300)
- Rental car damage and theft coverage
- 24/7 travel assistance
- Anti-fraud protection

Yeah – talk about a lot of free coverage for a card that charges *no* annual fee.

Now, admittedly, CIBC and Costco could add more insurance to the CIBC Costco Mastercard, given that the card hasn't been released yet. But from what I've gathered, here's what we can expect from the new Costco credit card:

- Extended warranty (one additional year)
- Purchase protection (90 days)
- Mobile insurance coverage (up to \$1,000)

The headliner is the mobile insurance coverage, which can cover your smartphone purchase under certain circumstances. The rest are a bit, well, *meh*. The large absence of travel insurance tells me CIBC and Costco may have more work to do. But for now, the Capital One Costco Mastercard takes

the lead in free coverage.

CIBC: 2. Capital One: 2.

Extra earn rate for Costco purchases

This one is easy — the CIBC Costco Mastercard is the only Costco credit card that has ever earned more cash back for Costco purchases. At a whopping 2% cash back rate, you can finally collect more money when you shop at your favourite wholesale retailer.

Of course, you have to make your purchases at Costco.ca to earn more cash back. In-store purchases will still only earn at 1%. And, like gas, your earn rate will max out at \$8,000 (or \$160 in cash back). But we can't whine too much: we *finally* earn more at Costco, even if it is online.

CIBC: 3. Capital One: 2.

Which is better?

At the end of the day, the CIBC Costco Mastercard certainly takes the lead as Costco's best rewards card. With 2% cash back on Costco.ca purchases, 3% on Costco gas, and a 1% earn rate, the Capital One version can hardly compare. Though the Capital One card does have more insurance, it lacks the mobile insurance coverage of the new CIBC card.

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