



3 Popular Rewards Card “Hacks” That Don’t Actually Work in Practice

Description

Savvy Canadians who want to earn more cash back or credit card rewards than the average person will use “hacks” to get more value without overspending.

But be careful. Some *hacks* aren’t hacks at all. Or, at least, they’re no longer hacks. Credit card companies don’t want to lose money, and they’ve caught on to people’s tricks. Here are just three credit card hacks that could prove ineffective.

1. Buying gift cards or prepaid cards

Perhaps the “savviest” credit card hack is to use your [cash back](#) or [rewards card](#) to buy gift cards or prepaid cards. This works especially well when you buy gift cards at a store that earns you bonus rewards. For instance, your card might earn 5% back at grocery stores. If your card doesn’t earn anything for gas, you could load up on gas gift cards, earn 5% back, then use your gift cards to buy gas.

What’s wrong with this? Well, truthfully—it doesn’t work everywhere.

You can use your credit card to buy gift cards or prepaid cards, but don’t be surprised if your credit card issuer doesn’t give you rewards. These days, many credit card issuers are excluding gift card purchases from their rewards program. If you’re unsure, check your credit card’s terms and conditions. If it says gift card purchases aren’t eligible for rewards, sorry but you won’t earn *anything* when you buy them.

Even if your terms and conditions don’t exclude gift cards, your card issuer may cancel your card (and your rewards) if they believe you are abusing the system.

Buying a gift card here and there won’t likely result in a closed account. But if you buy a \$200 gift card twice a month from a store where you earn bonus points, you’ll very likely get flagged.

2. Sending money to family and friends

PayPal and **Wealthsimple Cash** may have made it easy for you to send payments to your friends and family. But don't expect to earn cash back on your transactions: unless you have a **Paypal** or **Wealthsimple Cash** card, you likely won't earn anything.

In fact, you may lose money. Many payment systems charge a small fee when you select credit card as your form of payment. For instance, **Paypal** charges a 3% fee when you transfer money with a credit card, but no fee for debit and banking accounts.

3. Getting multiple “sign up” bonuses

Credit card companies are smart. They know people “churn” credit cards: open accounts for a welcome bonus, then close the account later. To stop users from getting multiple bonuses on the same card (or even from the same credit card company), card issuers have put rules in place.

Each card issuer is different. Some have “once per lifetime” rules that prevent you from getting any welcome bonus on the same card more than once. Others allow your opportunities to recharge, offering you a second bonus on the same card after 24 to 48 months.

The only way around this rule is to have your spouse open an account. In this way, you get the bonus and they get the bonus, too.

What's a credit card hack that *does* work?

Try double-dipping.

When you double-dip on a rewards card, you earn twice the rewards for a single transaction. Take the **CIBC Costco Mastercard**, for instance (currently the Capital One Costco Mastercard). The Costco Mastercard will earn 2% back on Costco.ca purchases. But you know what else earns 2% back on Costco.ca purchases? Yes—a Gold Star Executive Costco Membership. If you use your Gold Star Executive Membership to buy goods from Costco.ca, then charge the purchase to your Costco Mastercard, you'll earn 4% back.

The same is true for other loyalty programs, too. When you become a member, you'll get a loyalty card, which you can use at a select number of stores. Your loyalty card is attached to a loyalty program, and you'll earn points for every dollar you spend.

At checkout, swipe the loyalty card first to earn points through your loyalty program. Then, pay with your rewards card. And — just like that — you double-dipped rewards.

Of course, in order to double-dip on a credit card, you need a [rewards card](#) or [cash-back card](#) that will earn you points, miles, or cash back on everyday purchases. Fortunately, [Canada has a great selection to choose from](#), each with different earn rates, welcome bonuses, on double-dipping potential.

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