



These Credit Card Perks Are Completely Overrated (And Might Cost You, Too)

Description

We all love our [rewards credit card](#) perks, right? Sign-up bonuses, free insurance, cash back, free flights, rewards: who doesn't like earning money on things you were already going to buy?

But when you're shopping for a new card based on perks alone, you should exercise some caution: some "benefits" sound more valuable than they actually are. To help you spot out the perks that aren't, well, "perks," here's a list of four.

Merchandise redemptions

Credit card companies will often allow you to redeem your points for certain items, like headphones or kitchen appliances. They might even send you a catalogue with "deals," encouraging you to spend your points on the "hottest items of the year."

Don't fall for it.

In general, you'll get the *least* value for your points when you redeem them for merchandise. Not only that but you're typically buying merchandise at market value, with no real discounts applied. While using your points to buy merchandise might seem convenient (just click "purchase"), it's definitely *not* the best way to maximize your points.

Cash advances

Who carries cash anymore? *crickets*

If you absolutely need cash, and your bank isn't open, you might feel tempted to use your credit card to withdraw money from an ATM. While true, this is a perk of owning a credit card, it's often disadvantageous to do so.

For one, you'll likely pay a withdrawal fee at the ATM. On top of that, most credit card companies don't

give [grace periods](#) for cash advances. That means you'll start incurring interest for your cash advance starting from the day you made the withdrawal.

Unless it's an emergency, try not to depend on your credit card for cash withdrawals. Even so, always understand the costs of getting [cash advances](#) on your specific card, as each card has its own rules.

Airport lounges

In the old days, airport lounges were a real perk: they were quiet, with free drinks and food, and hardly anyone around.

Nowadays, you walk into an airport lounge and feel as if you walked into *another* airport: they're crowded, loud, with over-priced drinks and food, and sometimes they're so over-capacitated, you have to *wait* to get in.

Talk about an overrated perk.

Occasionally, you'll find an airport lounge that fits the name. But don't get your hopes up: unless you have a super-special status with your credit card provider, you're not likely going to find a lounge that makes you feel, well, special.

Mobile device insurance

Now, I have to clarify here: for some people, mobile device insurance can be a lifesaver. If your credit card offers mobile device insurance as a built-in perk, then your mobile device will be covered from theft or damage, as long as you use your card to buy the device.

But mobile device insurance is *insurance*, and, as such, it can be easy to misunderstand.

For one, not every incident will be covered by your credit card's plan. For instance, you might drop your phone and crack the screen. Will your credit card provider replace the device (or the screen)? Don't get your hopes up. Cosmetic damage often isn't covered under basic plans.

And while theft is covered, phones lost to negligence sometimes aren't. That is, if you lose your phone because you left it in a public space, your credit card provider might not cover the cost of replacing it. Every credit card company is different, of course, but don't be surprised if your incident is denied.

Even if your incident is accepted, you might have to pay a deductible. On top of that, your credit card provider will likely give you the actual value of your phone, meaning what they believe the phone is worth (not what you paid for it).

Get a rewards card with the *right* perks

Don't get me wrong: for every overrated perk, there are a half dozen great ones. Fortunately, Canada has some of the best [rewards](#) and [cash back credit cards](#) out there, giving you more great perks and fewer disappointing ones. Take a look at some of [Canada's best credit card cards](#) to get an idea of what you could earn!

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