



## This Trick Could Help You Get Ten Times More Credit Card Rewards

### Description

[Cash back](#) is one of the most versatile rewards you can earn on a credit card. With a [cash back credit card](#), you can redeem your rewards for gift cards, statement credits, cheques, or even deposits into your bank account.

But for those who want to take on some risk, there is one redemption that could help you grow your cash back: invest it.

### You can invest your credit card rewards?

**Yes**, many credit card providers give you the option of depositing your earnings into a brokerage account. Depending on the provider, you might even be able to deposit your cash back into a TFSA or RRSP, especially if your provider is a bank with whom you *have* these retirement accounts.

Even if your credit card provider doesn't offer the option of depositing directly into a brokerage account, you can still do it yourself. Just redeem your cash back for a cheque or a direct deposit into your bank account. Then transfer the money to your broker and voila—you'll have some money to invest.

### What should you invest in?

Your investment choices ultimately depend on your risk tolerance. But if your risk tolerance is high, you might want to invest your earnings in [small-caps](#) and [growth stocks](#). Depending on the companies you choose, these stocks could help you get the most value from your rewards. Imagine, for instance, that you invest in a small-cap company at \$20 per share. With \$100 in credit card earnings, you buy five shares. Let's also say that, in five years, that stock grows to \$200, bringing your total holding to \$1,000. If this was the case, you would get ten times more out of your credit card rewards, simply by investing in the right company.

Of course, picking companies that grow ten times larger isn't easy to do. For those investors who would rather not handpick their own companies, you could buy shares in an [ETF](#). An ETF is simply a

basket of stocks: when you buy a share, you buy small pieces of numerous companies. In this way, your ETF comes pre-diversified, which could help you during market downturns.

You could even use your credit card rewards to invest in cryptocurrency. Just transfer your credit card rewards to your crypto platform (or redeem them for cash and fund your account) and start trading.

## Is investing your credit card rewards a smart idea?

It's certainly not a terrible idea. But you should exercise caution. Every investment comes with risks, not the least of which is *market* risk, meaning you could lose money in market downturns. If your risk tolerance is low, you might want to stick to traditional cash back redemptions, such as statement credits or cash.

That said, investing your credit card rewards can be a savvy idea, especially if you choose great stocks and ETFs that have the potential to grow. To get started, be sure you have an active brokerage account. Of course, you'll also want a [cash back credit card](#), especially one that earns you the most cash back.

For best results, be sure to combine a [low-fee brokerage account](#) with a [high-earning cash back card](#): you'll pay less money to trade stocks, while also earning the maximum for your everyday spending.

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