4 Warning Signs Your Credit Card Is Horrible and You Need a New One (Like, Today)

Description

If you’re using the same credit card that you applied for two years ago, I have news for you: chances are, that card is probably the least advantageous for you.

Since the pandemic, rewards and cash-back cards have evolved tremendously. With Canadians spending less money, credit card providers have had to upgrade their rewards packages, offering higher bonuses and more lucrative perks.

How do you know if your card is up to date or downright terrible? Well, here are four signs you need a new card (like, today).

1. You don’t have shopping insurance

These days, the best credit cards come with a slew of insurance that will protect you from losing money on your shopping.

For instance, many credit cards have price protection, which will credit you the difference if a product goes on sale after you bought it. Other cards have purchase protection, which covers your purchases from accidental theft and damage. Then there’s extended warranties: your credit card provider might add a year or more on top of any manufacturer warranty any product may already have.

And let’s not forget mobile protection insurance, which covers a portion of your phone purchase when it’s damaged, lost, or stolen.

Look at your credit card’s perks. If it doesn’t have shopping insurance, it might be time to get a new one.

2. Your base rate is *meh*

The base rate is the rate at which you earn rewards. In the old days, most cards had a base rate of only 1%. That meant, whatever you bought, you earned only 1% back.

Earning at 1%, however, is a slow and grueling process. Did you spend a $1,000 on groceries this month? Congrats! You got a full $10 in rewards. Did you spend $10,000 within the year? Enjoy the $100!

These days, however, it’s not rare to find a no-fee credit card with a 2% earn rate on everyday purchases. Some cards will come with higher base rates, especially retail cards, like the **Canadian Tire Mastercard**, which earns 4% back in CT money.

So, take a look at your card’s earn rate. Are you earning only 1% back on everyday purchases? If so, you might need an upgrade.

3. You don’t have bonus rates

Having a good base rate is essential. But you will in no way amass heaps of rewards with a base rate alone. In addition, your card should have *bonus rates.*

Again, these days, it’s not hard to find no-fee cash-back and rewards cards with high bonus rates. The best cards in Canada will give you more cash back for groceries, entertainment, gas, **Amazon** purchases, **PayPal** transactions, and even purchases made in digital wallets.

Don’t overlook cards with “revolving categories,” either. These cards will give you different bonus rates for each quarter of the year. The bonus rate is typically high (some can be 5%), though you should check the card’s rate calendar beforehand to be sure the bonus rates align with your shopping.

4. You didn’t get a welcome bonus

We’re in the golden era of credit card welcome bonuses. If you’re savvy, you could earn up to $1,000 a year in passive income on credit card bonuses alone. And that’s not an exaggeration.

So, if you didn’t get a welcome bonus on your card, that’s a good sign you should break up with your credit card.

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