



Is Your Rewards Credit Card More Than 3 Years Old? Here's Why You Should Dump it for a New One

Description

We're living in the golden era of credit cards.

Earn rates on [cash-back cards](#) have perhaps never been higher, [rewards programs](#) are more generous, and the welcome bonuses are high enough to cover more than one fancy meal.

So, if you're using the same rewards credit card from three years, I have news for you: more than likely, you're leaving money on the table. You might love your rewards card — the design might be custom, and it fits nicely in your wallet — but with the welcome bonuses on new cards, you might be better served with a new one.

Why every three years?

First off, I would recommend getting a new cash-back or rewards card *every year*. Not every Canadian has the credit score, however, to apply for new cards. For that reason, three years is a safer number.

When you apply for a new credit card, the card provider will run a hard inquiry on your credit report. Hard inquiries make up 10% of your credit score, and they stay on your report for at least 36 months, or three years.

So, by getting a new card every three years, you protect your score. Of course, one hard inquiry won't crush it. You could have three or four inquiries, while still maintaining a "very good" or even "excellent score" (for perspective, I currently have five, and my score is still excellent).

But if your score is in the "good" range or below it, keeping a cycle of three years will help prevent you from descending further than you want to go.

What rewards credit card should you pick?

You want to find the right rewards credit card, which means picking a card that aligns closely with your natural spending habits.

For example, we're all spending more money on gas and food these days. And with the way the world is going, it doesn't look like inflation will drop anytime soon. So, my recommendation is to find a card that has high rates for both categories. This might be groceries and gas. Or it could be restaurants and groceries. Either way, find a card (or two) that will help you capitalize on higher gas prices and grocery bills.

Then look at welcome bonuses. Right now, welcome bonuses are through the roof. You could easily score a \$200 to \$300 bonus simply by applying for a credit card and spending a certain amount.

But let's not forget "hidden perks" either. Credit cards come with a slew of free insurance. Often this insurance can prevent you from spending money in a bad situation. For example, many of Canada's best credit cards have the following insurance:

- Trip cancellation/trip interruption insurance
- Luggage protection
- Emergency medical insurance
- Rental car insurance
- Price protection
- Extended warranty
- Purchase protection
- Mobile device insurance

Put these three together, and you'll get the perfect rewards card for you. To get started, take a look at some of [Canada's top credit cards](#), especially rewards cards and cash-back cards. While you don't want to take out too many credit cards (especially if you don't plan to use them), one or two every three years is a good way to take advantage of bonuses and snag higher earn rates.

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