



## Watch Out! Don't Get a CIBC Costco Mastercard Until You Consider These 5 Weaknesses

### Description

The countdown has officially begun: in less than a month, the new **CIBC Costco Mastercard** will finally replace the **Capital One** Mastercard. On March 4, Costco members will still be earning 2% back on Costco.ca purchases, 3% on Costco gas, and another 3% on restaurant purchases.

But watch out—though these new perks are exciting, this card does come with some severe weaknesses. If you're on the fence about applying for this new card, here are some flaws you should know.

### 1. Costco Gas limitations

For a no-fee rewards card, the CIBC Costco Mastercard has a fairly high bonus rate for gas purchases. When you use your card at the pump, you'll earn 3% back at Costco Gas and 2% everywhere else.

But here's the catch: every year, you'll earn 3% and 2% **up to a cumulative \$5,000 spent**. After you spend \$5,000 in gas, your Costco Mastercard will earn 1% back on gas purchases, no matter where you buy gas.

So assuming you only buy gas at Costco Gas, your CIBC Costco Mastercard would earn you \$150 for your first \$5,000 spent.

But an earning cap isn't the biggest concern (after all, who spends more than \$5,000 on gas per year?) The biggest setback is that Costco Gas stations are few and far between. Realistically speaking, it's unlikely you'll buy gas from Costco Gas alone.

Even so, earning 2% back on gas purchases isn't terrible. In fact, it's up to par with most rewards and cash back credit cards. And sprinkle a few Costco Gas stops in there and you could enjoy a little more savings.

## 2. Limited earnings on Costco.ca purchases

Yes, finally, we can earn money on Costco purchases, even if it's online only. With the CIBC Costco Mastercard, you'll earn 2% back on most purchases when you shop on Costco.ca.

Of course, this bonus rate comes with a catch, too: you'll earn 2% on your *first* \$8,000. That comes out to around \$160 in cash back. After that, your bonus rate drops to 1%.

## 3. No travel insurance

One serious flaw in the CIBC Costco Mastercard is the absence of travel insurance.

For some perspective, the Capital One Costco Mastercard had travel accident insurance, baggage delay insurance, rental car damage and theft coverage, along with price protection, extended warranty, and purchase protection.

The CIBC card has extended warranty and purchase protection, along with mobile device insurance. But it's missing the travel insurance that gave the Capital One card its punch.

## 4. Once-per-year cash back redemption

Like the Capital One Costco Mastercard, you'll receive your cash back in the form of a Costco gift certificate in January. You can then use this coupon on Costco purchases.

So no statement credits, no cheques, no liquid cash deposited in your bank or brokerage account. Just a gift certificate issued in January.

## 5. No extra cash-back for in-store purchases

*Ugh.* This is perhaps the biggest disappointment with the new CIBC Costco Mastercard. Though you earn extra cash back for Costco.ca purchases, you *still* won't earn extra for purchases made at Costco warehouses.

That said, CIBC did bump the base rate on the CIBC Costco Mastercard by 0.5%. Pretty soon, you'll earn 1% on all Costco purchases, which is a step up from the meagre 0.5% earn rate on the Capital One card (1% after you spend \$3,000).

Not great, but better. In fact, that's how I would define the new CIBC Costco Mastercard: not great, but better than the last version.

## Is the CIBC Costco Mastercard worth it?

If you're a frequent shopper at Costco, then this card definitely has a place in your wallet. That said, if you're on the fence about becoming a Costco member, I doubt this card will change your decision. You can easily earn more cash back on [Canada's top cards](#), not to mention get a pretty hefty welcome

bonus while you're at it.

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2025/08/05

## Date Created

2022/03/11

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