



5 Things I Don't Like About the New CIBC Costco Mastercard

Description

This month, **CIBC** became the official card provider of the **Costco Mastercard**. And, boy — what a week it's been.

The transition from **Capital One** to CIBC caused a major blackout for existing cardholders. From its launch on Friday, March 4, to Monday, March 7, cardholders couldn't access their Costco accounts — not even to pay bills. Some cardholders reported waiting on the phone for over two hours, while others said they were “hung up” on.

Even before these hiccups, which are expected for a transition this big, I had [my reservations about this card](#). Since then, I've added a few more to my list. Here are just five things that disappoint me about the new CIBC Costco Mastercard.

1. Gas limitations

For a no-fee rewards card, the CIBC Costco Mastercard has a stellar earn rate for gas. When you use your card at Costco gas stations, you'll earn 3% back. If you use it at non-Costco gas stations, you'll earn 2%.

Not bad, right?

But here's the catch: your gas rate has an earning cap. Every year, you'll earn 3% and 2%, respectively, up to a cumulative \$5,000 spent. After that, your Costco Mastercard will earn 1% back at Costco and non-Costco gas stations alike.

At the most, you can earn \$150 if you buy \$5,000 of gas at Costco Gas. But is that realistic? If you live near Costco gas stations, it might be. Considering that Costco gas stations are few and far between, it's unlikely you'll buy gas from Costco Gas alone.

2. No travel insurance

Unlike the Capital One version, the CIBC Costco Mastercard doesn't have 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 a big punch.

3. Limited earnings on Costco.ca purchases

The Costco Mastercard earns 2% back on Costco.ca purchases. For cardholders of the Capital One card, that's a big sigh of relief: finally, we can earn money on Costco purchases, even if it's online only.

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

4. No extra cash back for in-store purchases

Despite the earn rate for online purchases, the biggest disappointment is that you still can't earn extra [cash back](#) for purchases made inside a Costco warehouse.

If you use your CIBC Mastercard for in-store purchases, you'll earn 1% back. That's better than the 0.5% you would have earned on the Capital One Costco card. But, when compared with other retail cards, it's not great.

One solution is to get a Costco Executive Gold Star Membership, which costs \$120 per year — only \$60 more than the basic membership. With the Executive Gold Star Membership, you'll earn 2% back on Costco purchases. You can double-dip your Gold Star Membership with a Costco Mastercard, too, bumping your earn rate to a cumulative 3% back.

5. No sign-up bonus

Finally, the Costco Mastercard comes with no sign-up bonus — not even a free pizza! That's a little disappointing, especially given CIBC's reputation for giving out hefty sign-up bonuses on other cards.

Is the CIBC Costco Mastercard right for you?

If you shop frequently at Costco, this card should have 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](#) — and get a pretty hefty welcome bonus while you're at it.

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