



Having Only 1 Rewards Credit Card Is a Horrible Idea: Here's Why

Description

Remember when you got your first [rewards](#) or [cash-back credit card](#)? Remember feeling that excitement, that thrill, when you saw your rewards piling up or your cash back accumulating? *This can't be real, you thought. I'm getting paid to spend money.*

Well, imagine that feeling but across *multiple credit cards*.

Yes, to truly maximize rewards, you should carry at least two or three rewards credit cards, possibly more. While having one rewards card is a necessity, having *only* one means you could be leaving money on the table. Let's take a look at why.

Multiple bonus rates

Perhaps the best reason to have multiple credit cards is to take advantage of numerous rewards programs.

As you might know, each rewards card has a program that's unique in itself. Some [rewards cards](#) are designed to earn more for groceries and gas. Others are designed to earn more for travel expenses, retail purchases, fitness, and even rotating expenses, such as utilities and subscriptions.

If you have just one rewards card, you get only a sliver of this massive pie of rewards. But with two or three, you can have the right card for nearly every purchase.

For example, my wife and I have four [cash-back credit cards](#). We have a grocery and restaurant card that earn 3%. We have a card that earns 3% for gas and 2% back on subscriptions. We have a card with a rotating bonus of 5% (which could include any of the above, plus **PayPal** and digital wallets), and we have a card with a base rate of 2% for purchases that don't fit the categories above.

That covers our bases. And, when we start to travel again, we'll definitely get a new [travel credit card](#) — one with a pretty high welcome bonus.

Multiple perks

Aside from multiple bonus rates, having numerous cards means you could have access to more perks, such as insurance. While many credit cards come with similar coverages, some may lack the insurance that other cards carry. Here are the most common free insurances found on cards:

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

Multiple welcome bonuses

Welcome bonuses are by far the easiest way to accumulate [cash back](#) and rewards. These days, it's not rare to see a sign-up bonus of \$200-\$300 on no-fee credit card, with higher bonuses for those with annual fees.

Of course, to snag these bonuses, you have to, yes, open new credit card accounts. And that means having multiple credit cards.

To be clear, loyalty doesn't pay. You might open a [cash-back credit card](#) with an earn rate of 2%. Fifteen years later, that same cash-back card might have the same earn rate, the same perks, with no additional bonuses.

To get more lucrative rewards and higher bonuses, you'll have to open a new account. That doesn't mean you have to close your old credit card accounts. In fact, it might hurt your credit score if you do. It just means you have to pick cards with benefits you'll actually use and then earn enough to snag that welcome bonus.

Should you open a second credit card?

If you want a credit card with rewards for every situation, then, yes, you should get a second credit card (or a third). Check out some of Canada's top [rewards cards](#) and [cash-back cards](#) to see if you can find one will earn more for your everyday purchases.

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