



Surprise! The CIBC Costco Mastercard Isn't the Best Card to Use at Costco: Here's Why

Description

The **CIBC Costco Mastercard** is now Costco's official rewards credit card. And when compared to the Capital One version, the new Costco rewards card isn't that bad.

You'll earn 3% back at restaurants and at Costco Gas as well as 2% on non-Costco gas stations and at Costco.ca. In addition, the base rate is 1%, which is 0.5% higher than the old Capital One card.

But — surprise! — for many Canadians, this card may not be the best rewards card for purchases made in Costco warehouses.

When shouldn't you use your CIBC Costco Mastercard at Costco?

First off, keep in mind, this card earns a flat rate of 1%. And, since this card doesn't have a special bonus rate for purchases made inside of Costco warehouses, that means you'll earn 1% for everything you buy there.

So, here's my rule of thumb: if you have a Mastercard with a base rate that's higher than 1%, use that card for your Costco purchases.

Why Mastercard? Well, that's the only kind of credit card that Costco will take.

Take the [Roger World Elite Mastercard](#), for instance. This card earns 1.5% as the base rate, which means you'll earn more on this card for Costco purchases than the Costco Mastercard itself.

Many cards with annual fees will also come with earn rates that are higher than 2%. If you have a card with a 2% earn rate in your wallet, then you should absolutely use it on your Costco purchases.

Finally, keep in mind that Costco gives its cardholders their rewards once per year as a Costco

voucher. So, if you'd like your credit card rewards sooner — or as a statement credit or cheque — you might want to use another Mastercard on Costco purchases, even if it earns 1%.

When should you definitely use your CIBC Costco Mastercard at Costco?

Again, the CIBC Costco Mastercard earns 2% back on Costco.ca purchases with an annual cap of \$8,000 spent (or \$160 earned). So, at the very least, you should try to maximize your online earnings.

The same goes for gas: because this card earns 3% back on Costco gas (and 2% at non-Costco stations), this might be the best no-fee credit card for your gas purchases. This bonus rate will earn at 1% after \$5,000 spent, after which you might want to use another rewards card (if the earn rate is higher).

Is the CIBC Costco Mastercard the best card to use at Costco?

When you have a [rewards](#) or [cash-back credit card](#) that earns more than 1% for every day purchase, then the answer is no — the Costco Mastercard would *not* be the best card to use at Costco. Of course, if your other credit cards have flat rates of 1%, then your Costco Mastercard would be on par with them. Even so, you might want to consider using another Mastercard, especially if you'd like to receive your cash back throughout the year, rather than all at once.

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2025/08/05

Date Created

2022/03/24

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