



Costco vs. Canadian Tire: Which Rewards Card Will Save You More on Gas in 2022?

Description

Costco and **Canadian Tire** are two of Canada's biggest retail giants. And while Costco is the better store for groceries, and Canadian Tire the better of the two for car-related purchases, they both compete over one Canadian essential: gas.

Costco Gas stations offer lower prices as long as you have that \$60 membership, and the Costco rewards card offers 3% back at its gas stations. But Canadian Tire bites back: its rewards card has a lucrative earn rate — one that can help Canadians save a tonne at Husky and Gas+ stations.

So, which is better? Let's take a closer look.

Card #1: The CIBC Costco Mastercard

First, the facts.

The CIBC Costco **Mastercard** earns 3% back on Costco gas and 2% at all other gas stations. Both bonus rates will cap at a cumulative \$5,000 spent, after which you'll earn 1% back for all gas purchases.

Card #2: The Canadian Tire Triangle Mastercard

The Canadian Tire Triangle Mastercard earns \$0.10 per litre at Gas+ and Husky gas stations from now until June 19. After June 19, this rewards cards will either continue earning \$0.10 per litre, or it will revert to the previous earn rate of \$0.05 per litre purchased.

Which is the better deal?

TL;DR: as long as you shop at Costco gas stations, the CIBC Costco Mastercard will give you higher

savings over all.

To understand why, remember that Costco gas is already cheaper for its members. As long as you've paid your \$60 membership dues, you'll pay on average \$0.21 less on Costco gas than other gas stations. On top of that, you'll earn 3% back for Costco gas when you use your CIBC Costco Mastercard, giving you a double whammy of earnings and savings.

If you don't shop strictly at Costco gas stations, however, the CIBC Costco Mastercard loses its pizzazz. For non-Costco gas stations, you'll pay higher gas prices and earn only 2% back. That's not bad, but it's not as good as other gas-back credit cards designed for gas purchases.

Canadian Tire Mastercard doesn't have an annual fee, nor do you need to be a "member" to apply for the card. As long as you use your card at Husky and Gas+ stations, you'll earn \$0.10 back per litre, which is much higher than most rewards cards can earn.

A comparative example

To see how much you could save with these two cards, let's look at an example. Let's say you drive a car that requires 60 litres of gas and you're paying \$1.70 per litre. Let's also say Costco gas is \$0.21 cheaper than \$1.70, or \$1.49 per litre. Here's what you'll earn and save with both cards.

| Card | Earn Rate | Total Gas | Gas Cost Per Litre | Total Gas Price | Total Earnings | Total Savings | Total Savings plus Earnings |
|--|-----------|-----------|--------------------|-----------------|----------------|---------------|-----------------------------|
| CIBC Costco Mastercard (Costco gas stations) | 3% | 60 litres | \$1.49 | \$89.40 | \$2.68 | \$12.60 | \$15.28 |
| CIBC Costco Mastercard (non-Costco gas stations) | 2% | 60 litres | \$1.70 | \$102 | \$2.05 | \$0 | \$2.05 |
| Canadian Tire Triangle Mastercard | \$0.10 | 60 litres | \$1.60 | \$96 | \$6 | \$0 | \$6 |

With the CIBC Costco Mastercard, you'll save \$12.60, then earn \$2.68 on top of that for a total of \$15.28 back into your pocket. At non-Costco gas stations, the Costco rewards card looks far less lucrative with only \$2.05 back. In comparison, the Canadian Tire Mastercard will save you around \$6 on gas, which is triple what you'd earn on the CIBC rewards card.

So, it's clear: the CIBC Costco Mastercard will save you more money on gas, as long as you fill up at Costco gas stations.

One caveat

Finally, keep in mind that these rewards cards have very restrictive redemption options.

For the CIBC Costco Mastercard, you'll receive your rewards as a Costco voucher, which you'll get once per year. Similarly, the Canadian Tire Mastercard earns Canadian Tire dollars, which you can use at Canadian Tire and affiliates.

If you don't shop frequently at Costco or Canadian Tire, then these rewards might not be useful for you. In that case, you're better off applying for one of Canada's top cash-back cards — one that will earn you more cash back for gas purchases.

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