

Harness the Power of Credit Card Rewards and Loyalty Programs

By Tricia A. Mitchell

Credit cards offer great convenience, and you likely use them on a regular basis. However, if you're using your card only to simplify payments, you might be missing out on one of the greatest benefits: points that can be transformed into free travel.

For 10 years, Ernest Shahbazian has been earning credit card points and using them to fund some of his travels around the world. He is the founder of *Trip Astute*, a website dedicated to credit card tutorials, travel tips, and destination reviews. Ernest has used points for his own international trips, and even helped his parents celebrate retirement with a getaway to a luxury resort in Hawaii. "I felt very fortunate to be able to have provided them that experience simply using points I had earned from my daily spend."

Collecting and converting credit card points into travel can seem complicated. However, if you do your research, you can reap extraordinary benefits.

Choose a Credit Card That Works for You

Nick Ewen, a 13-year veteran of credit card point collecting and an editor at *The Points Guy*, says it's important to establish a basic goal before you start collecting points. "Do you want simple cash-back? Do you want miles or points with a specific airline or hotel chain? Or are you mainly interested in perks like lounge access and free checked bags?" says Nick.

Once you have established your goal, consider a new credit card that offers sign-up bonuses and other benefits. Since opening a new credit card account is dependent upon your credit score, it is recommended you review your credit report first. And, because perks and terms vary, you'll want to find a card compatible with your travel patterns and spending habits.

Credit card rewards and offers change frequently, but you can find some

current options on *The Point Guy's Best Travel Rewards Credit Cards of 2018* and *Trip Astute's Credit Card Offers*. To find a credit card program that matches your points goal, consider the following:

Annual Fees. Some credit cards have an annual fee. Ernest says while you may dislike the idea of paying fees, you should weigh that against the perks you can get from points. "I choose to pay the \$450 annual fee on my Chase Sapphire Reserve since it provides me more value than the actual fee," he explains. "For example, last year, I used the \$300 travel credit, \$100 global entry fee reimbursement, and made over 10 visits to airport lounges using the card's membership program. It definitely proved its worth."

Sign-Up Bonuses. Sign-up bonuses are often a good way to earn points quickly. However, in order to collect these bonuses, you might need to charge a minimum amount during a set time period. If you're concerned you won't be able to meet the requirement, Ernest suggests charging things like utilities, auto insurance, and reimbursable business expenses. If you'd like to charge rent and your landlord doesn't accept credit cards, Ernest says services like *Plastiq* may be helpful. *Plastiq* charges your card and pays the recipient on your behalf.

Airline-specific or Transferable Points. An airline-specific card may be more limiting than a card with transferable points. The latter may offer cash-back or give you the chance to use the card's online portal for booking flights, rental cars, cruises, or hotels. Some cards—such as those offered through the Chase Ultimate Rewards and American Express Membership Rewards programs—might allow you to transfer points to partner companies and book directly with them.

Build Your Credit Card Points

Use your credit card whenever possible. From gas and groceries to

coffee breaks and clothing, use your card for everyday purchases. Often, you can even rack up points by charging utilities and insurance. Be sure transaction fees don't outweigh the benefits.

Pay your statement balance in full. To avoid interest fees that might negate your benefits, always spend within your means and pay your balance on time.

Use online shopping portals. Many credit cards allow you to earn a point for every dollar you spend. With shopping portals—such as those offered through your credit card issuer—you could earn even more points per dollar. Nick recommends using a shopping portal aggregator, such as *Evreward* or *Cashback Monitor* to compare portals.

Join dining reward networks. Nick says that dining rewards networks are another often-overlooked strategy for earning more points per dollar. Two options are *United's Mileage Plus Dining* and *Hilton Honors Dining*. "These sites allow you to link your credit cards and earn bonus points or miles automatically whenever you swipe a linked card at a participating restaurant, which number over 10,000 around the U.S.," Nick explains. "Again, this would be in addition to the points or miles you'd earn for using the card."

Loyalty Programs

Loyalty programs and credit card points are not the same thing. However, collecting points via both methods can be a wise strategy. The most common loyalty programs are offered by airline, hotel, and car rental companies. Such *loyalty programs* are usually free to join and allow you to earn the program's currency (often called miles or points). To manage your account balances, use an online mileage manager like *Points.com*. When it comes to loyalty programs, Nick adds that it's critical to remember many of the miles or points are not restricted to one brand. "You can often get a ton of value by redeeming your miles for travel on these partners."