

# Rewards cards can pay off, depending on spending

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NEW YORK (AP) - Some rewards cards will pay you cash, but often there's a ceiling on the maximum payout each year. Other cards promise points for every purchase, but they may expire after just a year. Still others reward some purchases, such as gasoline or travel, far more than food or pharmaceutical purchases.

The rules for rewards and cash-back cards can be confusing, according to separate studies released Monday by Consumer Reports and Bankrate.com. Unwary consumers may be better off passing on some of the rewards programs out there, they conclude.

That's because the rewards and cash-back cards often carry much higher interest rates than non-rewards cards and may have so many restrictions that it's hard for consumers to claim a payout.

Consumers who don't pay their cards in full each month, for example, may find that "if the (interest) rates are high, the cost to carry a balance will often erase any savings the rewards program may offer," said Amanda Walker, senior project editor at Consumer Reports.

The study published in Consumer Reports, the monthly magazine of the nonprofit Consumers Union in Yonkers, N.Y., found that 85 percent of Americans participate in at least one rewards program. Some offer rewards at a particular retailer, others double as credit cards that can be used anywhere, it said. About 3 percent of those surveyed participated in 10 or more programs.

"Along with the dizzying number of programs have come increasingly complex rules, restrictions and limits on how much you can earn," the magazine says in its latest edition.

Using data from CardRatings.com, which tracks credit offerings, Consumer Reports said that the best cash-back cards include American Express' Blue Cash, the Chase Freedom Visa and the Discover More cards.

But these cards weren't without limitations. For example, the Blue Cash card promises 5 percent cash back at supermarkets, gas stations and drugstores and 1.5 percent elsewhere. But you have to spend \$6,500 annually to get those rewards. If you spend less, it's 1 percent and 0.5 percent, respectively, the report said.

The magazine said the best gasoline cards included the Cash PerfectCard MasterCard, the Discover Open Road and the Shell Platinum Select MasterCard.

Bankrate.com, an online financial information service based in North Palm Beach, Fla., looked at the cash-back offerings of nine top credit card issuers. Several offered four or more cards, often cobranded with Visa or MasterCard.

A handful of the cards had annual fees, which make sense only for consumers who spend a lot of money on their cards, Bankrate.com said.

A variable was how the payout was made, the study found.

"You might get a statement credit, a check in the mail, a gift card or certificate, or even a deposit into a financial account," it said.

Some cards, such as the Citi Cash Returns MasterCard from Citigroup, pay out automatically; but consumers holding HSBC cash-back cards have to request the rebate, it added.

Some include expiration dates on rewards, others have a cap on cash back — generally from \$300 to \$600 per year.

"Look for cards that match your spending style," the study concluded.

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On the Net:

<http://www.consumerreports.org>

<http://www.bankrate.com>

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