

Gasoline credit cards can help cut costs

By Candice Choi, AP Business Writer

Gasoline credit cards can help ease pain of rising fuel prices

NEW YORK (AP) -- With fuel prices taking a bigger bite out of budgets, and no sign of an imminent price decline, you may be considering an offer for a gasoline rewards card.

These cards typically let cardholders accumulate points in exchange for a gift card or receive cash back on purchases. The savings typically run from 3 percent to 5 percent of your gas bill.

As with any credit card, you'll find considerable differences, so be sure to read the fine print. Take the time to go beyond the savings rate and check out savings limits, interest rates and other features.

What's more, before you sign up, investigate whether a general rewards card, which you may already have, offers any discounts for fuel purchases. It's common to find at least one gas station that participates in a card's general rewards program.

If you don't like toting around multiple cards, sticking with a general rewards card may be your best bet. But the savings on fuel with a general rewards card may not be as high.

"The advantage of gas-based cards is that you lock in a savings rate," said Doug Miller, senior analyst at Corporate Insight, a market research and consulting firm.

Whereas if you rely on a general rewards card, the issuer can change the terms for fuel savings, or place other limitations on when you can save.

Bankrate.com offers a useful comparison tool for gas rewards and other types of credit cards.

If you're on the road a lot, a gas card is definitely worth considering. One benefit is that the rebates are usually automatically credited to your account, or a gift card is sent, said Miller. It's not like frequent flyer programs where you might accumulate countless points, only to forget to redeem them before they expire.

There are potential traps to keep in mind, however. For starters, make sure that you're not being enticed by an introductory offer where the terms will change after a set period. Some issuers may give double the rate of savings for the first several months.

Also keep in mind that gas reward cards typically don't offer as high a rebate on non-gas purchases, often around 1 percent. So these cards may not help quite as much with other purchases.

Another option is the universal gas card. Universal gas cards let consumers reap rewards at any station and may seem tempting because of their flexibility. The major drawback of these cards is that they often cap rewards.

For example, Discover's universal gas card, the Open Road card, offers 5 percent cash back -- but only for the first \$100 you spend each month. In other words, you'd save \$5 at most every month on gas and auto maintenance.

"You could easily hit the limit after a few trips (to the station)" said Ellen Cannon, managing editor for Bankrate.com.

The Open Road card offers other perks, however, such as a 5 percent to 20 percent cash back bonus at certain online retailers and 1 percent savings on other purchases after total annual purchases exceed \$3,000.

Assuming you stop at the same gas station most the time, a card that's tied to a particular gas retailer is probably a better deal. These cards generally don't limit rewards, and typically offer savings of between 3 percent and 5 percent.

Also check that savings rates aren't "up to" a certain level. That means your savings are at a lower rate until you spend a certain amount of money.

"You may have to spend \$2,500 before you get 5 percent back" Cannon said.

Lastly, don't carry a balance. Otherwise, the interest payments will eat into any savings you earn.

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