

Special

Credit cards

REWARD programs

make it easier to travel the world – or walk the red carpet

Canadians love their reward cards. That's what a study by research firm Maritz revealed earlier this year, when it found that 94 per cent of Canadians belong to at least one rewards program.

As rewards programs have become more popular, consumers have also become savvy about how they're earning and redeeming their rewards. Credit card companies have responded with products that give consumers more of what they want: flexibility, ease of use and enhanced rewards.

"Consumers want to have a choice about when and how they redeem," says Laurel Ostfield, a spokesperson for Capital One Canada. "They also want a program where rewards are easy to earn and easy to redeem."

Consumers certainly have a lot to choose from today. There are dozens of credit cards in Canada that offer rewards redeemable for a wide range of products and services – from flights and hotels to electronics and groceries.

Credit cards that offer travel rewards continue to be the most popular among Canadians, and the latest products have been designed to meet consumers' growing demands for flexibility and ease of use.

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American Express Canada

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The new American Express Gold Rewards Card gives cardholders complete flexibility and freedom to redeem their points for travel. A cardholder simply books the travel, pays using the Gold Rewards Card and then calls American Express once the charge has appeared on his or her statement. American Express in turn uses the cardholder's points to cover the cost of the charge.

With the Capital One Aspire Travel MasterCard, cardholders can also apply their points toward any travel they book on their card. They do this by calling Capital One or by logging onto the bank's easy-to-use redemption site.

Similarly, the TD First Class Travel Visa Infinite Card lets cardholders use their rewards to cover travel charges on their credit card.

TD Canada Trust offers the added convenience of its TD Rewards Centre, a service that cardholders can use to book their travel arrangements.

TD this month is launching a new travel website, Expedia for TD, exclusively available to its travel cardholders, says Christina Panay, vice president of Canadian Credit Card Products at TD Canada Trust. "This will make it even easier to book travel and redeem TD Points, through a one-stop planning and



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PHOTO: ISTOCKPHOTO.COM

booking online experience," she says.

For BMO World Elite MasterCard cardholders, redeeming points for travel is as easy as clicking their mouse; BMO has an online Elite Rewards Centre where travellers can book flights, hotels and package vacations at highly competitive rates.

"The points can be used to cover not just the value of the flight, but also taxes," says Jennifer Weisman, head of credit card marketing at BMO.

At American Express, the rewards go well beyond travel. Customers who carry the Starwood Preferred Guest Credit Card from American Express can also use their Starpoints to bid on exclusive experiences, such as walking the red carpet at a movie premiere, meeting singer Katy Perry or cad-dying for a professional golfer.

A number of credit cards are also offering the most flexible of rewards: cash. Consumers with "cash-back" cards can earn back a percentage of their purchases. Examples of these cards include the TD Rebate Rewards Visa Card, the Aspire Cash World or Platinum MasterCard from Capital One, and the TrueEarnings Card from Costco and American Express.

INSIDE

Stretching the family budget with **Rebecca Eckler**. Page 3



When choosing a credit card, travel writer Julia Dimon recommends one that provides comprehensive travel insurance, including coverage for emergency medical services, trip interruption, flight delay and car rental theft. PHOTO: SUPPLIED

PROFILE

Travels with Julia

Julia Dimon has walked the beaches of Zanzibar, hiked the jungles of Thailand, and spied on lions and cheetahs on the Serengeti plains of Tanzania. Yet these adventures take up only a few pages of her travel calendar; over the last decade the Los Angeles writer, television host and travel expert has journeyed to more than 80 countries on all continents.

"I've been doing this professionally for a long time, and one of the questions people often ask me is: how do I pull this off financially?" says Ms. Dimon, whose mother is also a travel writer. "People want to know how I live this lifestyle."

So how does she do it? Ms. Dimon points to an important tactic in her travel-focused financial strategy: credit card rewards.

"Reward points are a really great way to supplement your travel," she says. "The trick is to get a credit card that you can use to earn and redeem points while you're travelling, but can also earn you points when you're home, between trips, and spending on

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Writer, television host and travel expert

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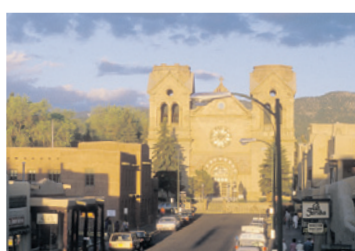
When choosing a card, it's a good idea to go with one that provides comprehensive travel insurance, including coverage for emergency medical services, trip interruption and flight delay, car rental theft and damage, lost or stolen baggage, hotel or motel burglary and accident insurance.

This type of comprehensive insurance is critical for frequent travellers, says Ms. Dimon, and "you'll usually have to pay an annual fee," she explains. "But it's worth it, because you shouldn't be travelling without travel insurance."

Among the cards in her wallet, Ms. Dimon favours the American Express Gold Rewards Card, which lets her earn double points on many travel and everyday purchases, and one point for every \$1 spent on all other purchases. A 15,000-point welcome bonus – awarded after reaching \$500 in purchases within the first three months of card membership – gave her an immediate head-start with her rewards.

EXPERIENCES

Lead me to temptation; deliver me to Santa Fe



Santa Fe, New Mexico's state capital, offers a high-desert environment, Southwest history and culture, superb cuisine and collection of art galleries ranked second only to New York City.

FROM TOP: CHRIS CORRIE; MARKKANE.NET; DOUG MERRIAM; JACK PARSONS

For years, my wife Louise and I had heard people rave about Santa Fe, New Mexico's charming state capital – its high-desert environment, Southwest history and culture, superb cuisine and collection of art galleries, ranked second only to New York City. We dreamed of going.

This year, to celebrate our 10th wedding anniversary, we made that trip happen.

Two words of advice if you travel here: bring your credit card; you'll want to try, eat and buy everything. And know when to put it away; Santa Fe's finest offerings are worth it, but they're not cheap.

Liberated by the savings we achieved using Air Miles to cover our flight and rental car, we splurged on a stay at the luxurious, yet rustically appointed, Rosewood Inn of the Anasazi.

Pedestrian-friendly Santa Fe is best experienced on foot. Staying at the inn put us in the heart of this town of 67,000 people, steps from attractions such as the Palace of the Governors, San Miguel Mission and Georgia O'Keefe Museum.

Everywhere we turned, art galleries begged exploration, including the 200 that line nearby Canyon Road. Perusing these galleries, as well as shops hawking everything from chic, designer fashions to kitschy souvenirs, was an escape from our usually hectic life.

Every meal was a treat, too. We were encouraged to try fine dining at restaurants including Geronimo, Martine's and the elegant Anasazi Restaurant, in our hotel. All were heavenly. For breakfast we were hooked on Pasqual's, an organic eatery with funky Tijuana-style décor. A quick bite on the rooftop patio of the famous Coyote Café proved that in Santa Fe, even casual dining can be gourmet. A half-day class at the entertaining and inspiring Santa Fe School of Cooking showed us how it's all done.

What made our Santa Fe experience particularly enriching, though, were its genuine, welcoming residents, who are drawn to this arts-intensive community from all corners of America. It's easy to see why they choose to call it home.

Writer **Randall Mang** visited Santa Fe in May.

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COST OF LIVING

Stretching the family budget

With three kids in the house, Toronto writer Rebecca Eckler often finds her budget stretched to the limit.

"There's always something we need to buy," says Ms. Eckler, a freelance columnist and author of eight books, including her latest, *How to Raise a Boyfriend*. "Just recently, for example, we went on a huge trip to Costco to load up on school supplies, Halloween treats and basic things like toilet paper and cleaning supplies," she recalls. "And oh, my daughter just started skating, so I also got her a pair of skates."

Her Costco membership helps her reduce the family shopping bills by giving her access to bulk pricing. But Ms. Eckler has another card in her wallet that's making it easier for her to stretch the budget: a TrueEarnings Card from Costco and American Express.

The no-fee card lets her earn up to one per cent cash back on everyday purchases, including those at Costco. For the first \$1,000, Ms. Eckler earns 0.25 per cent cash back, with the reward rising to 0.50 per cent on the next \$2,000 and one per cent on any amount

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Rebecca Eckler,
Writer



In addition to using cards that give them cash back, many consumers adjust their shopping to maximize their rewards. Others use cards that save them money right at the point-of-sale. PHOTO: ISTOCKPHOTO.COM

over \$3,000.

She also earns two per cent cash back on eligible gas purchases up to \$3,000 annually, and one per cent on any amount over \$3,000. Another bonus: Ms. Eckler gets three per cent cash back on eligible restaurant purchases.

"I really love the cash back," she says. "I'm a cash kind of girl, so for

me cash is king, and I like getting money just for buying things that I was going to buy anyway. It's like finding money inside the coat of that winter jacket that you had put away all summer. It really makes your day."

After almost a year, Ms. Eckler expects to get at least \$300 back from using her TrueEarnings Card.

"That's at least \$300 in cash that I can use to spend any way and anywhere that I choose," she says. "I can even use it to pay for a shopping trip to Costco."

To maximize her reward, Ms. Eckler pulls out her TrueEarnings Card more often than she does the other cards in her wallet. She hates paying for gas, but feels somewhat better knowing that she's at least getting up to two per cent cash back from her gasoline purchases.

Ms. Eckler isn't the only one using credit card rewards to stretch the family budget. Cheryl Longo, executive vice president of card products at CIBC, says a growing number of Canadians choose credit card rewards that help enhance their cash flow.

In addition to using cards that give them cash back – such as CIBC's Dividend Visa or MasterCard – many consumers adjust their shopping habits to maximize their rewards, says Ms. Longo. Others save right at the point-of-sale by using a card such as the CIBC Petro-Points MasterCard, which saves drivers two to seven cents per litre at Petro-Canada.

STRATEGY

In uncertain times, credit card rewards can lower travel costs

A survey released by BMO Bank of Montreal on October 12 revealed that 61 per cent of Canadians plan to take a vacation in the fall or winter of 2011. But with global events pointing toward a slower economy, will they be cancelling their plans?

Not according to the survey. Jennifer Weisman, head of credit card marketing at BMO, says that Canadians reported they won't change their travel plans as a result of the current economic uncertainty. However, another BMO survey done in the summer, she says, found that "affordability is key in planning a vacation."

Yet despite our thriftiness when it comes to fulfilling our travel plans, surprisingly few respondents reported using credit card rewards to lower the cost of their vacations, she notes. "They're not capitalizing on rewards or rewards programs to lower the cost."

One often overlooked way to stretch the travel budget is to use a credit card that offers insurance protection, she says. "You can save money that you would normally spend on purchasing travel insurance."

An effective way to leverage credit card rewards is to shop around for flexible programs,



A recent survey found that Canadians won't change their travel plans as a result of the uncertain economy, although they said in another survey that "affordability is key in planning a vacation." PHOTO: ISTOCKPHOTO.COM

says Ms. Weisman. "Look for value; compare to ensure that you choose a credit card with a robust rewards program. Look for flexibility. And I encourage people to consolidate purchases on one card to maximize rewards."

For example, says Ms. Weisman, BMO has a variety of rewards products that can be redeemed for travel, merchandise, financial investments or charitable donations. "With the BMO World Elite MasterCard, you can redeem for flights on any airline with no blackout periods or seat restrictions, and your points can cover all flight costs, including taxes and fees."

This report was produced by RandallAnthony Communications Inc. (www.randallanthony.com) in conjunction with the advertising department of The Globe and Mail. Grant MacMillan, Category Manager, gmaccmillan@globeandmail.com.



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