



Wealth Planning Report

Navigating Credit Card Rewards Post-COVID and Beyond

The pandemic event impacted people's financial lives in ways both large and small. For many, it's changed how we spend our money, and therefore how we accumulate and use those oh-so-desirable rewards doled out by our credit card companies, travel reward programs and the like.

With that in mind, we reached out to the experts at Bankrate.com for a look at the current credit card rewards landscape—as well as how it might look going forward—and some ideas for how you might best navigate the future.

Travel rewards—what to do?

The big question on lots of people's minds is what to do with their existing airline credit card points, given the chilling impact that COVID-19 had on travel. Experts say there are a few ways to go here.

- 1. Hold tight.** Travel rewards credit cards generally give you the highest value for your points when you redeem them for—surprise—travel. So simply keeping your points until you're ready and able to fly again is likely a good strategy for most people who expect to be back in the air at some point.
- 2. Use points for common purchases.** If you expect to travel significantly less after the pandemic ends, consider spending points now. You can do so in some interesting ways. Many credit cards are letting travel cardholders use their points toward everyday items rather than just on discretionary items such as concerts—and giving cardholders the same value on those essentials as they'd get if they redeemed points for travel. These offers can change frequently but tend to be centered on spending in areas of importance to most consumers—including groceries, restaurants, meal delivery services, home improvement stores and even streaming video services.

- 3. Buy gift cards.** Some cards will give you a better rate if you redeem points for gift cards than if you use the points for cash back, so this route is worth looking into if you're comparing those two options. That said, gift card redemptions usually don't give you maximum value for your travel points—so while this can be a good way to go, in most instances it's not a great way.

- 4. Get cash back.** Simply put, this isn't a great way to redeem travel points in most cases. It's common for travel cards to offer less than 1 cent per point when redeemed for cash. If you're not in tough financial straits, avoid this option.

OPPORTUNITIES FOR THE MORE AFFLUENT

Because of the pandemic event's impact on jobs and incomes, card companies are being more selective about whom they market to and whom they approve—and that could spell opportunities for you.

Example: Some cards have significantly boosted the number of bonus points they award when you open a new account—in some cases offering double the usual rewards (100,000 points instead of the typical 50,000, for example)—on the condition that you spend a significant amount on the card in the first few months. In addition, those points would have the same value for essential purchases as they would for travel.

The catch, of course, is that your financial house likely should be in excellent shape for you to be approved for these outsize sign-up-bonus offers in the current environment. If your income and other factors look good, you could find yourself swimming in reward points.

Warning: Keep in mind that applying for multiple cards in a short time span (such as one day or even one

month) can ding your credit rating. Try to select one card you really want and for which you're confident you'll be approved, and leave it at that.

The route forward

Travel eventually will once again become commonplace as more people around the world are inoculated and we are better able to mitigate its risks.

That said, travel might not look the same as it did before the pandemic. In one UBS survey of 3,750 wealthy investors, 70 percent said they will reduce travel post-pandemic. Industry analysts are watching for signs that Zoom calls and online conferences may significantly dampen business travel activity for the foreseeable future.

If travelers curtail their activities, it could spell opportunities for you if you do plan to rev up your air travel. Going forward, card companies may work harder than ever to earn their customers' loyalty. Keep watch for your existing card issuers and loyalty programs to offer bonus points for new reservations or boost how fast you can accrue points.

As noted, it might be a good time to go shopping for new cards, too—as big sign-up bonuses for new

cardholders could become common as companies vie for new members, higher account balances and future point redemptions. Attractive offers that encourage you to switch programs or cards potentially could lead to a points windfall.

Which cards should you focus on? In general, experts suggest targeting cards with maximum flexibility—such as points that you can use with multiple airlines and reward programs instead of with just one.

Ultimately, it's a good time to reexamine all aspects of your credit card spending—how much you spend, the categories where you spend the most and the deals your existing cards offer—to see whether you're getting all you can. You might decide to chase after all the points and perks possible—or you might decide to forgo maximum point values and opt for cards that offer the greatest amount of flexibility or simplicity. Regardless, if you do a little homework, you can make clear-eyed decisions that reflect what you most want and need from your cards.

Please note: Rewards and points rules and offerings change frequently. Some of the options and perks noted here may no longer be valid or in effect.

This is an executive summary of our wealth management ebook. For a complimentary copy of our complete report, please contact us.



Paul Byron Hill, MBA, MFP, MSFS, ChFC®, RICP®, CFP® is a nationally recognized Wealth Management Certified Professional™ and Certified Financial Planner™ professional, written about in *Fortune*, *Forbes*, *Bloomberg Businessweek*, and *Money*. As co-author of *Retire Abundantly*, Paul was interviewed by James Malinchak, of ABC-TV's hit series, *Secret Millionaire*. Reuters AdvisePoint recognized Mr. Hill as one of 500 "Top Advisers" in the U.S. and has featured him on their website.

Paul founded Professional Financial Strategies, Inc. as one of the first fiduciary planning firms in 1993 that now specializes in retirement and wealth management for affluent and aspiring families. Paul is a personal chief financial officer who acts in the best interest of clients. He brings together a distinctive management process and a network of specialists for making informed decisions for structured investing, secure income, mitigating taxes, protecting assets, and preserving wealth for family and purposeful causes.

Mr. Hill received a BA with distinction from the University of Rochester and later an MBA in finance from its Simon School of Business. He earned an MS in financial services from The American College along with his Chartered Financial Consultant and Retirement Income Certified Professional designations, and then received an MS in financial planning from the College for Financial Planning (now at the University of Phoenix). The College for Financial Planning appointed him as adjunct faculty, and he has taught at St. John Fisher College. Who's Who presented Paul with the Albert Nelson Marquis Lifetime Achievement Award and featured him with other recipients in *The Wall Street Journal* and other publications.

Disclosure: Professional Financial Strategies, Inc. is an independent investment advisor registered with the Securities and Exchange Commission. CFP® professionals are fiduciaries with a duty of loyalty and care to act in clients' best interests and are licensed by the Certified Financial Planner Board of Standards. A copy of the Firm's Form ADV disclosure brochure and Form CRS discussing services, processes, and a schedule of fees is available upon request.

ACKNOWLEDGMENT: This article was adapted from material prepared by Virtual Family Office Inner Circle, a global financial concierge group working with affluent individuals and families and is distributed with permission. Copyright 2020 by AES Nation, LLC. This report is intended for educational purposes only and no discussion or information contained serves as the receipt of, or as a substitute for, personalized investment advice. Professional Financial Strategies, Inc. is neither a law firm nor a certified public accounting firm, and so no portion of this content should be construed as legal or accounting advice. Paul Byron Hill and Professional Financial are not affiliated with AES Nation, LLC. Any awards and honors referenced above were independently granted based on past and current professional and reference value such as position, noteworthy accomplishments, visibility, prominence, regulatory filings and/or education in the fields of finance and business.