

Credit Card Rewards are Not Very Rewarding - Transcript

Tom Mullooly: In episode 175 we talk about how rewards programs are not very rewarding, so stick around. Welcome to the Mullooly Asset Show. I'm your host Tom Mullooly and this is episode number 175. Thanks for tuning in. Rewards programs are not as rewarding as they used to be. Why? The Federal Reserve lowered interest rates three times in 2019, but it looks like interest rates on credit cards are going up. Why is that? How could that be? In a word, profits. That's what it's all about folks. The average credit card interest rate is now approaching 17%. That's the highest in 25 years, according to the Federal Reserve. One of the things that's driven people signing up for credit cards over the years has been the banks and the credit cards have been offering some pretty nice rewards programs, these point programs, in a way to attract customers. But the problem is, if you're not carrying balances, you're not paying the interest, banks don't really make all that much money, do they?

As a result, what happens? The rewards programs are getting chopped, they're getting reduced, and the interest rates are moving up. So, just a reminder that signing up for a credit card because you're going to get points, we can't really recommend that. It's not really a good idea. As time goes by, you'll probably discover that your points don't get as much as they used to in the past. Take a look at airline miles, for example. You're going to see a big difference. What you used to be able to get with points just a few years ago now may only be one leg of your trip. To recap, don't get another credit card. First of all, don't get another credit card. But, don't get another credit card because they're offering some kind of points. You open up your mailbox and you'll see, you'll get 75,000 points if you sign up for our card.

Don't get a card because someone in the store is offering you a discount today. If you sign up today, we'll take 10% off your order. Don't don't do that. Some of the interest rates on store credit cards are the highest in the country. So, stay away from adding more credit. Pay off those balances. Don't pay interest. These are things that you really need to focus on. Good comparison. Tim and I were just talking before we turned on the camera to record this video. Remember when you would go to the boardwalk and you'd play skee-ball and you'd win 75,000 points, all those little tickets? Then, you find out that your tickets add up to a pencil or a spider ring. This is the game we're playing right now. Don't play that game. Thanks for watching episode 175. See you next time.