

# How Your Credit Card Can Help You Save on Travel



**What if you could subsidize or even completely pay for your vacation through normal, everyday spending that you do anyway? Thanks to credit card rewards, that's exactly what you can do.**

According to [NerdWallet's Travel Credit Card Study](#), the average American can earn \$901 in rewards during the first year of using a travel credit card, thanks to sign-up bonuses and ongoing rewards, and \$277 a year in the second year and beyond. That's based on the rewards of nine popular travel credit cards and after subtracting the cost of any annual fees.

[The right travel or rewards credit card for you](#) depends on your spending habits, credit history and the kind of rewards you're looking for. And a successful rewards strategy requires a little planning.

## **Be mindful of fees, interest, timing**

NerdWallet found that, on average, families plan to charge \$1,019 to their credit cards to cover summer travel costs. A credit card that earns rewards can defray some of those expenses, or help fund a future trip.

Still, it's important to balance those rewards against any annual fees your cards might charge. Some rewards cards waive their annual fees for the first year; some charge no annual fee at all.

Avoiding interest charges is also key. Rewards credit cards may come with generous points-earning rates, but they also tend to come with high annual percentage rates. If you don't pay off your balance each month, you risk paying much more in interest than you could possibly earn in rewards.

If you're carrying a credit card balance that you're working to pay off, you may be better off looking for a balance transfer card; the ones with the longest introductory 0% APR periods are typically found on cards with low or no rewards.

Then there's the matter of timing. If you're seeking a new rewards card, consider applying at least five months before you leave on your next trip. That's enough time to build up rewards points or cash back through everyday spending, as well as to earn and be credited for any available sign-up bonus.

**If you're applying for a travel rewards card, then it's best to [apply for it between October and December](#). Still ok to apply now.**

**Bonuses are highest during those fall months, and your rewards can also help you offset holiday travel spending.**

Bear in mind, it often takes a billing cycle or two to receive the reward after you've met the requirements for it. If you don't have five months to spare before your next trip, you can always take the card with you to earn rewards while you're traveling and use them on a subsequent trip.

If you're traveling overseas, pack a card that doesn't charge foreign transaction fees.

### Perks and side benefits

It's not solely about rewards.

Many travel cards also come with additional built-in benefits that can be handy when you're traveling on a budget, including travel insurance, rental car insurance, free checked bags and ridesharing credits.

The free checked bag benefit that comes with many airline cards could make up for any annual fee on its own. Consider the United<sup>SM</sup> Explorer Card, for example, which has an annual fee of \$0 intro for the first year, then \$95.

The card allows you to check your first bag for free, which typically costs \$30 each way. Fly two round trips with a checked bag each time, and you've already saved more than you pay in the annual fee.

Read the fine print when you're applying for a card so you use it to its full advantage. To get the rental car coverage, for example, you have to pay with the eligible card, and you may have to decline the coverage offered by the rental company.

### Don't forget the freebies

Some credit cards offer additional benefits to augment travel plans, and some even apply if you're planning a staycation.

If you have a debit or credit card with Bank of America®, you can access free admission on the first weekend of every month to over 200 museums around the country through the bank's "Museum on Us" program.

In New York, for example, participating museums include the the Intrepid Sea, Air & Space Museum where adult tickets normally start at \$33.

Some cards offer access to airport lounges where you often have access to free food and beverages, as well as early ticket access to events. Some also offer credits for Global Entry and TSA Precheck.

If you have [The Platinum Card® from American Express](#) and you book your trip through the Fine Hotels & Resorts program, you're eligible for a whole host of hotel benefits, including a room upgrade, breakfast for two and late checkout. Terms Apply.

The bottom line for travelers is to squeeze as many benefits out of your credit cards as possible. They can take your vacation up a notch without putting an additional strain on your budget. And if your card isn't working for you, find one that does before you next pack your bags.

*This article was written by NerdWallet and was originally published by Forbes.*

### About the author



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Kimberly is a credit card and personal finance expert at NerdWallet. She has been featured on the "Today" show and in The New York Times.

