

Credit Card Reward Calculation

Example 1: Grocery rewards

Credit card #1 has a \$40.00 annual fee. Every dollar spent on your credit card will earn 10 points at the grocery store and every 100,000 points gives \$10.00 off of a grocery bill. In one year, a customer makes \$5,000.00 worth of purchases with this credit card at the grocery store. Compare the grocery store rewards in one year to the annual fee. Is the customer benefiting from the promotional offer?

Example 2: Cash back rewards

Credit card #2 has an \$99.00 annual fee. With each purchase, customers will receive 1% cash back. In one year, a customer makes \$8,500.00 worth of purchases using their credit card. Compare 1% earnings based on the spending to the annual fee. Is the customer benefiting from the promotional offer?

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Example 3: Car rental insurance

Credit card #3 has a \$140.00 annual fee. This credit card offers car rental insurance for up to seven days each year. A customer rents a car for seven days. The rental agency charges \$25.00 a day for car insurance. Are they benefiting from this promotional offer?