

Cash Back Credit Cards | Rewards Rates up to 5%

By: Laura Mohammad

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Compare Cash Back Credit Card Offers



Updated: November 16, 2017

- Chase Freedom Unlimited®
- Bank of America® Cash Rewards Credit Card
- Discover it® Cashback Match™
- Chase Freedom®
- Wells Fargo Cash Wise Visa® Card
- Capital One® SavorSM Cash Rewards Credit Card
- Capital One® Quicksilver® Cash Rewards Credit Card
- Citi® Double Cash Card
- Barclaycard CashForward™ World Mastercard®
- MLB™ BankAmericard Cash Rewards™ Mastercard®

Choose the Right Cashback Card for You

There are few credit cards as versatile as the cashback card.

No matter your purchase habits, there's likely a cashback card for you. You can earn cash without having to think about it. You can max out rewards by pairing this kind of card with a travel rewards card, such as a Chase Freedom or Freedom Unlimited card and a Chase Sapphire Preferred. With a few cashback cards, you can even build your credit when it's not at its best while earning cash back.

Many have no annual fee. There is also the option of rotating categories or flat cashback percentages. We'll explain all that in easy-to-understand language. Here's what you need to know:

What is a cashback credit card?

A cashback credit card is a rewards card that gives you money back for purchases rather than points or miles. They also sometimes have a signup bonus. The cash typically comes in the form of a statement credit, a bank account deposit, a check or shopping in a card issuer's portal. Used correctly, you can save hundreds a year in cash.

Why use cashback credit cards?

The primary reason for having a cashback credit card is that you can save hundreds of dollars a year, if used correctly. They are also helpful for building credit, provided you pay in full and on time each month.

How do I get a cashback credit card?

When you apply for a cashback credit card, the card issuer will gather some information, including Social Security number, name and address, and income. Fill out the form honestly, because you can have the card revoked if you're caught in a lie. Income can be money you have access to, rather than just your salary, so if you and your spouse are employed, you can combine the incomes. This is helpful if you are an at-home parent and the family has just one income.

Many cards will approve or decline you within minutes. If you are approved, you may be able to shop online with your new account. Your card will arrive within a few days in the mail.

How do cashback credit cards work?

- Some have a signup bonus. With these cards, you typically get the bonus once

you pay a required spend within a specific amount of time.

- Some have annual fees. But don't let that scare you away. If you plan to use your card enough, you can get more than the cost of the annual fee back.
- There's a choice in the types of cashback cards.
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- General purpose – You can get 1%-2% back on every purchase without worrying about quarterly signups or keeping up with changing categories.
- Quarterly categories – The advantage to these is that the percentage back can be as high as 5%. The disadvantage? Categories change each quarter, and you may have to sign up each rotation. These cards also may have a maximum spend on the rotating categories.
- Specific categories – These categories don't rotate, yet you get higher percentages for specific categories, such as groceries and gas. These cards may have a maximum spend on the special categories.
- There are 4 major ways to get your cash back. Cards and card issuers vary in how they give you your money back. With some, if you deposit into an account with the card's bank, you get a percentage back in cash. Here are the most common ways you can get your money back:
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 - Credit statements
 - Bank deposit
 - Checks
 - Shopping portal and gift cards
- Interest charges add up fast. Think of it this way: If your card has an APR of 15%, and you have a balance of \$1,000, the daily interest rate comes to \$0.41, which accrues every day. At the end of the month, you owe \$1,013. That may not seem like much, but it can add up quickly. If you pay the minimum on \$1,000 each month (15% APR), it will take you 54 months and you will pay \$370.46 in interest. You can avoid this by paying in full each month.
- Penalties can blindsides you. Many cards charge you for paying late, and they might hike the interest rate if you go over the limit. You can also lose your

account if you violate the terms. Read the rates and fees fine print before committing.

What are signup bonuses on cashback cards?

Many cashback cards offer a signup bonus, typically between \$100 and \$200, with a required spend within a certain amount of time, usually 90 days or 3 months.

The required spend is usually below that of a travel card, typically \$1,000 or less. This makes it easier to meet the requirements and earn the cash bonus. For example, the Chase Freedom Unlimited offers \$150 after a \$500 spend within your first 3 months of card membership.

Make sure you have the cash to pay back the required spend, because if you carry the charge over month-to-month, you basically undo the benefit of the bonus by paying interest fees.

How to use a cashback credit card effectively

1. Choose the right card. Before taking out a credit card, assess your spending habits. If you have a big family that needs a lot of groceries and there's a fair amount of shuttling to soccer practice, a card with higher payouts for groceries and gas is a good bet. If you don't want to think about your spending, a cashback card with the same percentage on all categories works best. Want to really maximize your spending? Try a card with rotating categories.
2. Pay on time each month. The most important part of your credit score, payments paid late can drop your score quickly. To fall into the "good" category, you want your score to be 700 or higher out of a range of 300-850. Also, you can incur late charges and even risk the account getting closed if you pay late.
3. Pay in full each month. There are 2 reasons for this: First, when you avoid carrying a balance, you don't incur interest charges, which can be in the thousands if you don't pay attention. Second, how much you owe compared to how much credit you have available is the second most important part of your FICO credit rating, the dominant scoring model. It's called your credit utilization ratio. You'll want to keep your balances as close to \$0 as possible, which keeps the ratio as close to 0% as possible.

4. Don't put it in a sock drawer and forget about it. One reason is that by putting charges on it each month, the account stays open and active, which boosts your credit with the on-time payments and keeps your credit utilization ratio low. Another reason is that if you have an annual fee, you can end up spending money each year for the honor of holding the card, rather than letting your cash back pay for the fee.
5. Put everything on your cards. If you are comfortable with taking full advantage of your card, don't hold back on charges. Charge your insurance, your cellphone, your groceries – everything. The more you put on your card, the more cash back you get. Just make sure you only put on your card what you have the money to pay for. If you don't have the money in the bank for those toffee-colored suede zip boots, best not to make that purchase.
6. Map out how you'll spend to land the signup bonus. If the cashback card you choose has a signup bonus, you want to make sure you spend the required minimum within the required time frame, usually 90 days or 3 months. Say the required spend is \$1,000. Then, figure out how you can spend \$350 each month before the deadline, whether with groceries or even a planned big-ticket item.
7. Put categories on your calendar. Cards with quarterly categories give you higher percentages back, up to 5%, but they often have signups each quarter and the categories change. By putting a reminder on your phone or calendar, you can maximize that kind of card's benefits.

What do you look for in a cashback credit card?

Here are 4 things to look for in a cashback credit card:

- Is it flexible enough for your needs? There's no point in taking out a card if you'll never use it.
- Is there an annual fee? Will you earn more cash back than the cost of the annual fee? This is a deal breaker.
- Will you use it without overspending? Never carry over a charge from month to month. If you aren't sure, it might be best to choose a credit-builder card and put a small charge on it each month, paying in full before the due date.
- Do you want a card with a shopping portal? This is a great way to save some money.

Why do creditors offer cashback cards?

On the surface, it doesn't make sense why creditors or credit card issuers offer cashback credit cards. Used correctly, you can get hundreds of dollars back each year. But it makes sense, once you understand the issuer business model. Here's how it works:

- Card issuers charge fees such as late payment fees, annual fees, balance transfer fees and cash advance fees. For example, when you transfer a balance to your new card, you are usually charged a 3%-5% fee or \$5-\$10, whichever is greater. Even if the card offers a 0% intro APR, and you pay your balance by the time the offer ends, the bank still gets a take.
- Card issuers, as you probably know, benefit from interest fees you pay when you carry a balance past a month. These fees are hefty, with the average APR running at about 15%. If you make a \$500 purchase and your APR is 17%, a monthly minimum payment will mean that you pay for 24 months and pay \$92 in interest. Great for the issuer, not so amazing for you. That's why it's important not to carry a balance, or you'll wash away the earnings you've made with your cashback card.
- Card issuers and networks earn a processing fee for each transaction that is typically paid by the merchant. Called interchange fees, they are based on the volume and value of transactions. Usually, the consumer is not impacted by this fee, which can be a percentage of the transaction of say, about 2%, plus a flat fee of perhaps \$0.10 per transaction, although there can be what is called a checkout fee that the consumer pays.

With all these fees floating around, what do you do? First off, pay in full and on time each month. That will keep you from paying late fees and interest fees. Also, keep an emergency fund so you won't be tempted to take out a cash advance. Finally, ask the merchant if you are being charged a checkout fee for using your Visa or MasterCard. If so and it's a big purchase, you may want to think about shopping elsewhere.

What are typical cashback rates?

There is no typical cashback rate. Cards can pay out a flat 1.5% or 2% or they can give a higher rate for specific types of purchases. For example, the Blue Cash

Everyday offers 3% back on purchases made at U.S. supermarkets for up to \$6,000 a year. (It's 1% after that.) That comes to \$180 back. Terms apply.

Some cards, such as the Chase Freedom, pay out for categories that you sign up for each quarter. The Freedom, for example, offers 5% back on quarterly categories for up to \$1,500 spend, or \$75 back each quarter.

How to compare cashback credit cards

Here's how to compare cashback credit cards:

Track your spending for 2 months. You'll want to see how much you spend on items such as groceries and gas. Also, look at how much you spend at specific stores, such as Sam's Club or Amazon.com.

Study a mix of cashback cards, including Discover it Cashback Match, Blue Cash Preferred and Chase Freedom Unlimited. Each has a specific type of model: The Cashback Match offers quarterly categories (as does the Chase Freedom); Blue Cash Preferred offers yearlong rewards for specific categories; and the Chase Freedom Unlimited (as well as the Wells Fargo Cash Wise) offers a percentage for all purchases.

If Amazon is a go-to for you, the Cashback Match may be a good choice for you. If you have a family and spend a lot on groceries, the Blue Cash Preferred can be a good option. And if you don't want to be pinned down by what you use your card for, the Cash Wise might be the one to choose.

What are rotating categories?

Cards with rotating categories usually give you a higher percentage back than other cards, but only for a quarter. Categories can be restaurants, groceries, gas and more. In the last year, Amazon.com and warehouse clubs have increased in popularity.

You usually have to sign up each quarter, but if you don't mind tracking which categories you'll use each month, you can get as much as 10% back at the end of your first year. One thing, there is usually a limit to how much you can spend toward the quarter, typically \$1,500 a quarter. After that it's 1%.

An alternative is the flat rate, which gives you the same amount back regardless of the purchase. The amount is usually 1.5%-2% back. So, if you get 2% back on

everything, it doesn't matter what you are using your card for — groceries, clothes shopping, whatever. If you spend \$1,000 a month with your card, you get \$240 back at the end of your year. And there is no maximum spend.

What are common cashback categories?

There's no guarantee, and categories change from year to year, but here are common cashback categories:

Restaurants

The Cashback Match is generous with this category, as is the Chase Freedom. This is a good category for the millennial to target if your evenings center around trying out new restaurants or during the workweek checking out the latest lunch spot.

Amazon.com

Do a lot of shopping online? The Cashback Match has featured this category, giving you 5% back on Amazon shopping for up to \$1,500 in the selected quarter, up to \$75 back -- \$150 back at the end of your first year.

Wholesale clubs

This is an increasingly popular category for cashback cards, sometimes as a quarterly category and sometimes in a limited time offer.

Grocery stores

Groceries are a favorite category for cashback cards. In addition, during the quarter when grocery stores were featured, Chase Freedom included drugstores. If you shop for a family, this can be a good category — with the Discover it Cashback Match, for example, you can spend \$500 a month on groceries and max out the spend, giving you back \$75 for that quarter. And don't forget the additional \$75 back at the end of your first year.

Transportation

Some cards give a higher percent for gas, such as the Blue Cash Preferred. Others, such as the Chase Freedom, also give 5% back during specific quarters on

parking, tolls and Amtrak purchases. This category is a good choice for the daily commuter or if you do a whole lot of shuttling the kids and the soccer team.

Advantages for cashback credit cards

Cashback credit cards have a number of advantages, including:

A cashback card gives you, well, cash back, sometimes hundreds of dollars a year. If you use it strategically as your card of choice, you can enjoy not only statement credits, but shopping deals as well, depending on the card. By using the card for everything from grocery shopping to furniture purchases, the cash back can add up. Just don't make purchases you don't have the money to pay back – remember, a credit card isn't designed to be a long-term loan.

Another, lesser-known advantage is that cashback cards can be great practice for a travel or rewards card. These cards typically have an annual fee, which you have to factor in when calculating how much money you need to spend in a year to make the card worth your while. Also, travel cards can require some maneuvering to make it worth your while, such as the Chase Sapphire Preferred's Chase Ultimate Rewards portal. The portal is an excellent way to maximize your points, but it's a bit more complicated than just spending and getting your periodic statement credit.

Cashback cards also offer variety in structure. If you want something simple and straightforward, you can get a flat-rate card, such as the Wells Fargo Cash Wise. Want to maximize cash back? The Discover it Cashback Match is a great choice. There are also cards that are a mix of the two – such as the Blue Cash Preferred and the Blue Cash Everyday. These cards give you extra cash back for specific categories year-round, plus a minimum cash back for everything else.

Disadvantages to cashback credit cards

From incurring additional debt to impacted credit, there can be disadvantages to cashback credit cards, none of which are insurmountable.

On the plus side, you can earn cash back for using your cashback card. On the downside, you can end up owing more than you can pay off or even harming your credit. Here are possible disadvantages to cashback cards and what you can do about them:

- **Annual Fee**

A few cashback cards carry an annual fee. While that isn't necessarily a drawback, you want to plan out the use of your new card to make sure you will benefit in the long run if it has an annual fee. Say your card has an annual fee of \$95 and you get 6% back on groceries for up to \$6,000 spend a year. That means you want to make sure you will spend at least \$1,600 for the year on your card for groceries, assuming you don't buy anything else. If you spend \$500 a month on groceries, or \$6,000 for the year, that means you'll get back \$360, or \$265 after you pay the annual fee. Bottom line: Make sure you know if you will earn more cash back than needed to pay the annual fee.

- **Carrying a Balance**

Carrying a balance can be a detriment to cashback cards. Here's why: Say you have a \$3,000 balance on your card, but you can only pay the minimum. That means if the card's APR is 17%, it will take you 126 months and you will pay \$2,241 in interest fees. If you spend \$6,000 a year on your card, even if you are paying it off as you go, but still are paying the minimum on that \$3,000, your cash back will be little more than the expense of fees, because of that annual fee of \$95. In 10 years, you can earn \$3,600 back on groceries, but the annual fee comes to \$950. So you have spent \$2,241 on interest fees and \$950 in annual fees, meaning that you've spent most of your cash back on fees. Bottom line: Don't incur a balance on your cashback card. Only use the card for expenses you can pay back at the end of the month.

- **Late Payments**

It can be tempting to use your cashback card with wild abandon because of the benefits earned. But never spend more than you can afford, and pay in full and on time each month. Why? Because if you are late on your account, that is reported to the credit bureaus, and ultimately, it is reflected on your credit score. In fact, history of on-time payments is the most important aspect of your FICO credit rating, making up 35% of your score. (FICO is the scoring model most used by lenders.) Bottom line: Pay in full and on time each month to maximize your cash back and to build your credit.

How do you redeem cash rewards?

You can redeem cash rewards a number of ways, depending on the card. In most cases, you get a statement credit, but some issuers allow you to spend your cash

back on shopping or gift cards. In some cases, you can deposit the cash back in a bank account or get a check cut. Issuers might give a better deal for the statement credit, though, so check. Some Bank of America cards give you 10% back when you deposit your credit in a Bank of America checking or savings account. If you have a preferred account, your cash back for deposits increases to 25% and even up to 75%.

What is a statement credit?

Most cashback credit cards give you your cash in what's called a statement credit. That means that on your monthly statement, you'll see a positive balance that you can use toward your monthly bill. Some issuers also allow you to deposit your cash back into a bank account or even get a check cut, however, there can be financial incentives to opt for a statement credit. Some issuers, such as Bank of America, give you incentives to deposit your cash back into a checking or saving account held with that bank. Others give you the option of using your cash back toward an online shopping portal.

Are there limitations on where I can spend my cashback rewards?

There can be limitations on where you can spend your cashback rewards, because issuers have different rules for how you can get your cash back. You usually get your cash through statement credits, but some issuers offer you the option to park your cash in a savings or checking account (you can get a 10% bonus when you do this with your BankAmericard Cash Rewards, provided it's a Bank of America account), while other issuers allow you to redeem with gift cards, such as the Barclaycard CashForward.

Some issuers, such as Discover, also have portals where you can shop with your cash back while getting discounts on goods and gift cards.

Are cashback rewards taxable as income?

Cashback rewards are usually not taxable as income; they are typically considered a discount by the IRS. The same is true of rewards points and miles.

“However, there may be times when you need to reduce the amount of a [business] deduction to reflect the discount that a cash back reward provides you

with,” says TurboTax.

TurboTax gives the example of when you are self-employed and you purchase a cellphone that you only use for business. Although your phone is deductible on your taxes, TurboTax points out that you can only deduct your actual cost. So, if you get a \$150 rebate for your \$200 phone, you really only paid \$50 for the phone, and that's how much you can deduct.

How can I maximize my cashback rewards?

There are a number of ways you can maximize your cashback rewards. It starts with choosing your card.

1. Make a list of your spending habits for a month. Write everything! Then, categorize by type of store — grocery stores, gas stations, wholesale clubs, Amazon.com, restaurants.
2. Do you see a pattern? If you are spending a lot on groceries, you might want the Blue Cash Preferred. If you spend a fair amount on a mix, such as wholesale clubs and Amazon.com, the Cashback Match may be a good choice. And if your shopping is truly eclectic, or you don't want to get strapped to categories, you'll want to look at a fixed-rate card, such as the Cash Wise.
3. Look at ways to put charges on the card that you make anyway. Check if you can charge your rent, insurance and utilities, for example.
4. Figure out how much you will be spending on your card, if this is your go-to card. Just make sure you have it in your budget to pay off the card in full and on time each month.
5. Don't apply for multiple cards at once. That can sabotage your credit. Pick a card, looking at the annual fee, and any other benefits, such as balance transfer offers. Also, make sure you will earn more than the annual fee.
6. Some cards, such as the Freedom cards, can be paired with other cards to maximize rewards. For example, you can pair the Freedom products with the Chase Sapphire Preferred, allowing you to fully maximize the Chase Ultimate Rewards portal for travel.

Check out our reviews

Interested in learning more about each card? We've reviewed several cash back credit cards – check them out in our [reviews section](#).

Recap: Our Featured Cash Back Credit Cards for November 2017

Card	Welcome Bonus	Bonus Requirement	Rewards Rate
Chase Freedom Unlimited®	\$150 Bonus	Spend \$500 on purchases in your first 3 months from account opening	Unlimited 1.5% cash back on every purchase
Bank of America® Cash Rewards Credit Card	\$150 Online Cash Rewards Bonus	Spend at least \$500 on purchases in the first 90 days of account opening	Earn 1% cash back on every purchase, 2% at grocery stores and wholesale clubs, and 3% on gas for the first \$2,500 in combined grocery/wholesale club/gas purchases each quarter
Discover it® Cashback Match™	Discover will match all the cash back earned at the end of your first year, automatically	Automatic	Earn 5% cash back at Amazon.com and Target now through December 2017, on up to \$1,500 in purchases when you activate. Plus, 1% cash back on all other purchases.
Chase Freedom®	\$150 Bonus	Spend \$500 on purchases in your first 3 months from account opening	Earn 5% cash back on up to \$1,500 in combined purchases in bonus categories each quarter you activate Unlimited 1% cash back on all other purchases
Wells Fargo Cash Wise	\$200 Cash Rewards Bonus	Spend \$1,000 in the first 3	Earn unlimited 1.5% cash rewards on

Card	Welcome Bonus	Bonus Requirement	Rewards Rate
Visa® Card		months	purchases
Capital One® Savor SM Cash Rewards Credit Card	\$150 Cash Bonus	Spend \$500 on purchases within the first 3 months from account opening	Earn unlimited 3% cash back on dining, 2% on groceries and 1% on all other purchases
Capital One® Quicksilver® Cash Rewards Credit Card	\$150 Cash Bonus	Spend \$500 on purchases within 3 months from account opening	Earn unlimited 1.5% cash back on every purchase, every day
Citi® Double Cash Card	N/A	N/A	Earn cash back twice on every purchase with unlimited 1% cash back when you buy, plus an additional 1% as you pay for those purchases
Barclaycard CashForward TM World Mastercard®	\$200 Cash Rewards Bonus	Spend \$1,000 on purchases in the first 90 days after account opening	Unlimited 1.5% cash rewards on every purchase
MLB TM BankAmericard Cash Rewards TM Mastercard®	\$150 Cash Rewards Bonus	Spend at least \$500 on purchases in the first 90 days of account opening	Earn 1% cash back on every purchase, 2% at grocery stores and wholesale clubs, and 3% on gas for the first \$2,500 in combined grocery/wholesale club/gas purchases each quarter