

The Five Credit Cards You Need In Your Wallet

Essential Credit Cards For Healthy Credit

Hey guys and girls, Ron Parks here and welcome back to the channel!

Today I want to talk to you about one of the most important things in modern finance right now: credit. One of the best ways to have and maintain a healthy credit score is by building a line of credit, and one of the most common ways to do this is by opening a credit card.

Everyone is eventually going to have a credit score, and that's going to determine what apartments you can rent, what loans you can apply for, what car dealerships trust you - in short, it'll affect every significant purchase of your life.

If you've never checked your credit score, you've probably seen the ads on television for free credit reports. Many of these offers come with strings attached. However, you can legally obtain a copy of your credit report once a year through annualcreditreport.com, or by requesting it by mail or by phone. Usually, it's advisable to check that once a year, just to make sure someone didn't mix up your name with a hardened criminal.

There's a great report by John Oliver about people who were mistaken for outright crooks due to errors in their credit history. These errors can be challenging to correct, so it's important to keep an eye on your credit.

Beyond that vital issue, credit cards are just useful. We're a long way from the horse and buggy days when you knew the local banker, and it was a simple matter of trust. The world is a lot more complicated now, and credit cards have become a necessary part of everyday life.

People can be overwhelmed with so many credit cards out there. Asking questions like "how many do I need?" and "what are the best ones available"?

How many you need depends entirely on what you're looking to do and get out of them and whether or not you're sure you can always make the monthly minimum payments - at the very least.

Now I know earlier this year I did a video talking about the best five credit cards. All of that still holds true, those cards are great, and I think it's a pretty solid list. These are simply some additional options.

I know some people that have had up to 30 credit cards. That sounds crazy, but keeping a regular rotation of cards is a strategy many people use to maximize rewards like air miles, cash back, and other bonuses. So if those things are your priority, that's something you might want to consider doing.

One important thing to remember about your credit score is that it fluctuates depending on how many cards you have. So the more you sign up for, the more you're going to have to make sure you keep on top of.

For most of us, though, that's too much to juggle. Keeping track of thirty payments, along with all the others you make monthly, can be a hassle. Most people I know like to keep the number of cards they have to a reasonable level.

So I've taken a look over the years, and based on my own experience and the advice I've given to clients, I've compiled a list of the five credit cards you can't live without. You're going to want these in your wallet at all times.

While there are plenty of other options available, you're going to want to make sure these five are on the top of your list.

Bear in mind when I'm talking about these cards, I'm not going to focus on interest rates and fees. In fact, most of the cards we're going to address don't even deal in annual fees. Some cards that do charge a yearly fee are still worth having, but it's always best to avoid it whenever you can. So we're assuming you know that much and I'm going to mainly look at the benefits, perks, and rewards each card has to offer.

While other cards may come and go, these are what you can consider Forever or Lifetime Cards.

Before I unveil the list, I can't stress enough how important it is to keep on top of your balances each month, always make those payments on time and only spend what you know you can pay back.

That's common-sense advice, I know, but I can't tell you how many times I've looked over a client's spending habits and had to break it to them that the way they've been charging up their credit cards is just out of control.

Also, and this is a real-time announcement, but I think it bears mention. I can't tell you how many people I've heard of that resorted to online shopping and have gone way over their limit during the pandemic.

It's understandable - these are tense times, but this will come back to bite you within a year.

Make a list of what you have, keep track of your supplies, and make sure you're not turning into a doomsday prepper - it's easy to get carried away.

Alright, enough caution and common sense, let's get to the cards you're never going to want to take out of your wallet.

Number 5: Chase Freedom (ref1)

When it comes to the best no-fee rewards card on the market, look no further. You can apply for two kinds of Chase Freedom cards – Chase Freedom Flex and Chase Freedom Unlimited.

They both imply "freedom"; in fact, they flat out say it, but there are some differences between them, and I'll get into just what those are in a moment.

I love this card. It's not enough that they give you one percent back on every dollar you spend; they also give you five times the points in categories that rotate every quarter.

With no annual fee, that means you can use it as often or infrequently as you choose without worrying about a payment at the end of the year.

And those points I mentioned – when you earn enough of them, you can redeem for things like gift cards and Amazon bonuses.

If you're anything like me, Amazon has become a crucial part of your shopping experience in the past year. And while I'm not crazy about their employees' working conditions, it's become a necessity for many.

One of the handier aspects about Chase Freedom is that if you happen to have a Chase Sapphire as well, you can convert your freedom card points into Ultimate Rewards points.

Now, as I mentioned, two different Chase Freedom cards are offered. So let's go through the differences and figure out which one is right for you.

Thankfully, CNN put together a list of the specific differences for each (ref2). I'm going to drop a link down in the description to get a better look at the finer points, but this is a pretty simple spot the difference chart.

You can see a lot is the same—things like three percent back on shopping at drug stores and restaurants. The real difference between the two comes a bit down the line, right there. This is probably the most essential difference between them.

On the Chase Freedom Flex, you get five percent cash back on up to \$1,500 in combined quarter purchases every quarter in the rotating bonuses categories. Every quarter, Chase has various rotating categories that offer bonuses of their own.

These categories can be things like different gas stations, department stores, Amazon, anywhere they want to incentivize you to make purchases.

The Freedom Unlimited offers no rotating bonuses.

The next major difference between the two deals with just how many rewards you'll earn in the non-bonus categories, or the stores that don't have that extra incentives. Here, the Unlimited has the better deal.

It allows you to earn 1.5 percent back on all the purchases you make in those stores, where with the Flex, you only get one percent.

Both of these cards, you see right in the ads, they promote themselves as "cashback" credit cards, and as far as ads go, that's a reasonably honest assessment.

So now you're probably asking yourself, are you even eligible to apply for either? So we go back to your credit score because that's what it's going to come down to. If you have a good credit score, around 690 or higher, you're ready to apply for the Flex.

If you want the unlimited, generally speaking, same thing. You can even get approved with scores as low as 675, but I've heard of people having issues in the low 600s.

There is, however, one other restriction you should be made aware of. It's not a big deal, but it might make a difference if you do all your banking through Chase. If you do, you already know that Chase has one of the strictest criteria you have to meet when applying.

So they have a rule known as the 5/24 rule, which means you can't apply for most Chase cards, including the Flex, if you have opened five personal credit cards in the past 24 months. Just something to keep in mind.

Alright, Number two: Discover It Cash-Back (ref3).

Another no-fee rewards card that should have a place in your wallet. Like the Freedom, you've got 1 percent cash back on every dollar you spend. And what's better, Discover also automatically matches all the cashback you earn at the end of your first year.

So let's say you earn \$100 or \$150 cashback over the first year. Then you can expect to see \$200 or \$300 come around the new year.

And what kind of rewards does it offer? You get 5 percent back in rotating categories up to \$1,500.

Many cards offer these rotating bonuses. Take a look at what they've provided in the past to see if they line up with what you spend your money on. And as you can see, (ref4) this past year, the categories are things you're likely going to need.

The first one is a list of the typical pharmacies and grocery stores; you got Walgreens AND CVS. Then Uber, Lyft, PayPal. And right around the holiday season, they've included some of the top online stores, such as Amazon, Target, Walmart. Perfect.

Another benefit of Discover It is that there's plenty of breathing room to pay off any remaining balances after opening the account.

Discover It comes with a 0 percent APR period for the first 14 months, so it's not something you're going to have to worry about anytime soon.

You've probably noticed some of the things I've brought up with this card are similar to Chase Freedom, and they do indeed offer a lot of the same features. Which one is better? That depends.

Discover It, historically, has a broader range of bonus categories; they cover a wider range of companies and services.

But the Chase Freedom compensates for that by including heightened rewards on certain purchases at any time. So they've both very good - and hey, we're talking about the five you want, not the one you want.

Now, let's take a look at that credit score, see if you're eligible. It looks like they're going for a higher credit rating at 700. You're also going to want a steady income and a debt to income ratio less than 30 percent before they look at you seriously.

Also, and I think this should be sound advice when applying for any credit card - you don't want any recent negatives or any real hard inquiries into your finances in the past six months.

Number Three: Bank of America Cash Rewards (ref5). This is one card that can be extremely lucrative for anyone.

They give you one percent cashback on any purchase, two percent on grocery stores, including Costco, and three percent on gas. And that's for the first \$2,500, not \$1,500 as the last two were.

In addition to higher percentages, you also can earn ten percent back if you redeem the points you earn into a BoA Checking or Savings account.

Folks, get this card. Unlimited rewards all year long, you can keep it for emergencies, use it regularly - you're going to see the benefits almost instantly.

One appealing feature lets you pick one of the categories yourself to earn up the three percent back on.

I recommend doing it with travel, which seems to be the best way to get the most back, but if you have any other significant expenses, you might want to opt for one of those.

If you want, you can also change that category every month, so if you're spending more on travel in the summer and gifts in the winter, change it up.

All of this is more than enough to entice a customer, but the sign-up bonus is pretty exceptional as well. If you spend \$1,000 in the first 90 days, you're gonna get \$200 in online cash rewards.

Given how much we do digitally now, this is incredibly relevant.

They also offer some advantages to Preferred Rewards Members, so if you're already with Bank of America and you're one of those clients, you stand to increase your cash back from anywhere from 3.75 percent to 5.25.

If I had one nitpick, and this is relatively minor, while you can earn a lot back spending on travel, they don't offer many travel perks.

So if you're looking for a card that offers lounge access, complimentary TSA PreCheck or travel protections, you might want to have another card in your wallet to take care of those.

A fair word of warning, they expect an exceptional credit score of at least 750.

Number Four: The Chase Slate (ref6). One of the keys to getting the most out of the credit cards in your wallet is to diversify. You're going to want different cards for specific purposes.

Chances are, if you're looking at cards with no annual bonus fees, you're probably looking for other ways to avoid paying fees as well. That's what this card is for

With the economy very gradually recovering from earlier this year, many people are still tragically out of work. So if you're having trouble keeping up with your monthly payments now, or if you ever have, the Slate is up your alley.

Rather than just falling further behind, you might want a card almost exclusively for balance transfers to offset some of that debt you could accrue.

Not only does the Slate have a 0 percent introductory APR on new purchases, but it offers the same on balance transfers as well.

When you first apply, you get 15 months of interest-free financing on purchases and balance transfers you complete within the first 60 days. That means you don't pay the standard three to five percent balance transfer fee most cards come with.

The Chase Slate also doesn't have any penalty rate for missed payments, so it's nice having one card in your wallet you don't have to stress over.

This is the first card on the list that's not a rewards card, so it doesn't have those benefits. But what it lacks in rewards, it makes up for in perks. For instance, you can easily monitor your credit score at any time, and they'll even help explain what it means.

They also offer a little insurance. So if you buy something that gets stolen, you're covered by a purchase protection program that reimburses theft. They also cover any accidental damage.

And I especially like this – like a lot of stores now, if you go in with a flyer from another store that advertises a lower price for something you bought, they'll reimburse you for up to \$500 on \$2,500 a year.

Also, if you get a Slate, you can activate Chase's Blueprint plan free of charge. What is Blueprint? Blueprint allows clients to save money on interest charges by letting them pay off some purchases in full while keeping others a little longer.

You're going to want a good credit score, close to or above 700.

Number One, though these are in no particular order: The Capitol One Quicksilver (ref7). I love these cardholder names on the example cards. Someday, we should track down the real Lee M. Cardholder and see if he's getting royalty checks. The last card had "D. Barrett" on it, meaning someone's likely a Ghostbusters fan.

Sometimes, it's nice to have a card that's there for the basics. A card that's not too complicated isn't going to suddenly hit you with some fees you never saw coming and was simple to keep track of.

With Capital One Quicksilver, you've got all those nailed down easy, plus some tremendous everyday rewards, and only need a decent credit score to get it.

As is standard with a card you're probably going to rely on quite a bit, you've got no annual fee and the \$200 reward bonus signing up. Unlike many cards, you only need to spend \$500 those first three months to get it.

You have 1.5 percent cash back on any purchases – and there are higher rates with other cards, but that's an excellent standard rate.

You don't even have to worry about those rotating rewards, it's an across-the-board cash back earning rate and it's nearly fifty percent more than the market average.

Whether you spend a lot in one category or another, it makes no difference; you're getting an excellent earning rate.

One nice thing about Capital One cards is that there are never any foreign transaction fees, making it ideal for travel.

And you don't need some prestigious, elite credit score, just a decent or good one. They also take the applicants income and debt into account, but they're not as strict as some of the others I mentioned earlier.

They also offer a pretty decent grace period of 25 days, so you never have to stress.

I know it sounds a bit like a cop-out to close out the list with such a simple card, but honestly, when you're sticking to five, or at least thinking about the five you need, it's always essential to keep one super simple.

Alright, folks, that just about does it for me today. I hope I've provided some insight into why you might consider some new cards; these are especially good choices during the pandemic.

Earlier in the year, I noticed several of them offered \$20 and \$30 dollar incentives on Amazon when signing up. Some of them still are, while a few of them have had to cap off just how many they gave out because they were so popular.

Remember, with credit cards, yes, they're important, they're handy, and they're often necessary. But they still can be considered something of a luxury, so you have to keep a good eye on the minimums you're paying and never let anything get too out of control.

I know that's not easy with so many places facing shutdowns and restricting certain services to essential workers – the boredom alone is enough to make me want to pick up a few high-priced items that I've always wanted. Just know you're going to have to pay the piper eventually; make sure you're not getting yourself into a lake of debt in the process.

Okay, thanks for watching; I hope you enjoyed yourself and learned a thing or two. If you did, go right ahead and smash that like button, be sure to subscribe for more, and click that little notification bell so you know when I upload. I post at least once a week, if not more. Stay safe out there, and see you next time.

ref1: see pictures

<https://www.cnn.com/2020/10/21/cnn-underscored/chase-freedom-flex-vs-chase-freedom-unlimited/index.html>

ref2:

<https://www.cnn.com/2020/10/21/cnn-underscored/chase-freedom-flex-vs-chase-freedom-unlimited/index.html>

ref3: see pictures

<https://www.investopedia.com/discover-it-cash-back-credit-card-review-4798910>

ref4: Bonus categories chart -

<https://www.nerdwallet.com/reviews/credit-cards/discover-it-cash-back>

ref5: see pictures

<https://www.bankofamerica.com/credit-cards/products/cash-back-credit-card/>

ref6: see pictures

<https://wallethub.com/edu/cc/chase-slate-review/25912>

ref7: see pictures

<https://www.capitalone.com/credit-cards/quicksilver/>