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Holiday shopping? Take the right credit card

NOV 24, 2010 13:21 EST



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Shoppers who are heading to the malls armed with coupons, circulars and holiday lists might also think about plotting their credit card strategies for the holiday season.

Using the right card can enhance their consumer protections and throw extra cash rewards their way. But the wrong card can ding their credit score or cost them more in interest and fees than they'll save by shopping those tempting sales. Here's what you need to know about this season's plastic trends.

Protection-bolstering cards. Most cards offer their own customer satisfaction guarantees, so when you buy something with a card you'll get some extra protection if the item doesn't deliver as promised. But that doesn't always work out as well as consumers would like: stores still have the right to enforce their own return policies.

[American Express](#) has just rolled out a new service, called "[premium return protection](#)." For \$50 a year, you get 180 days to return anything for a refund up to \$600 per item, and return shipping is free. That's pricey, but consumers planning to buy a lot of electronics (which often have restocking charges on returns), might be worth it for peace of mind.

Extra cash deals. Just about every credit card issuer is offering some [special benefits to cardholders](#) this season. Check your cards' online mall and your latest bill to see where the big rebates are. You may find it more worthwhile to use one card for department stores and another card for electronics, for example.


The store card gives and the store card takes away. Most retailers build customer relationships (aka, find new people to send sales pitches to) by offering discounts as high as 20 percent for shoppers who open store-branded credit cards. If you are buying several hundred dollars worth of merchandise that can be worthwhile, as long as (1) you have a good credit score; and (2) you'll pay the balance in full as soon as you get the bill; and (3) you're not planning to take out a mortgage, rent an apartment or take out a car loan soon; and (4) you're organized.

That's because opening a store brand card will instantly drop your credit score by up to 60 points for a year, according to Tracy Becker, president of North Shore Advisory, a credit advisory firm. And those cards are quite expensive, with rates nearly double the level of traditional bank-issued cards, according to [a study released this week](#) by Rep. Anthony Weiner, a New York Democrat.


Know your limits. Using one mileage or cash-rebate card for all of your holiday shopping can help you rack up those big rewards. But if the amount charged on the card starts to approach the card's credit limit, that can hurt your credit score. If you're planning on taking out any loans in the next few months, try to keep your card balances below 10 percent of your credit limits, says Becker.

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Linda Stern

Linda Stern is an award-winning personal finance columnist who loves to write about how the big picture affects your pocketbook. A former contributing editor at Newsweek magazine and a long-time Reuters columnist, Stern has joined Thomson Reuters to help build personal finance coverage at Reuters.com and other Thomson Reuters platforms. As a Washington-based correspondent, she'll sneak in as much tax and economic policy as her editors will allow. She tweets at [www.twitter.com/LindaStern](#)

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