Time for a different card? Here's what you need to know

When Aeroplan made a move to TD from CIBC as its principal partner earlier this year, and CIBC launched its new Aventura program, Canadian consumers suddenly had a good reason to reevaluate the credit cards in their wallets. Were they getting the perks they wanted and the best deal? Or was it time to give their stash of cards an overhaul?

Not that most credit card users actually research programs and determine if they make the most sense for their own personal spending patterns anyway, says one American Express Canada survey. In fact, only 15 per cent of users said they actually shopped around before applying for their card.

Big mistake, says Sheila Walkington, a money coach with Money Coaches Canada in Vancouver and co-author of *Unstuck: How to Get Out of Your Money Rut and Start Living the Life You Want*. Even if you've held your cards for a while, it's important to examine them periodically and decide if they're giving you what you need now -- not what you needed 10 years ago. It may even be time to whittle down the number of cards you have. Walkington says that, unless you own a small business and need to keep expenses separate, two cards are usually enough.

"Many of us have several cards for various reasons or from past purchases. But really, how many do we need?" she says.

Here are four steps to take when making the switch:

1. **Look at your history.** Grab your credit card statements and give them a read. Be honest. How do you actually spend money and pay off your debt? If you always pay off your purchases in full each month, a lower interest rate is not as important as it is for someone who typically carries a balance each month. If you fall into the latter camp, is your rate as low as it could be? "If you carry a balance, your interest charges could negate the value of whatever rewards you get -- and maybe a little more," explains Heather Franklin, an independent Toronto financial planner.

   At the same time, you want to be looking at your annual fees. Do you spend enough on your card or generate enough points to make those fees worthwhile? "Do the math," says Walkington. "Is the value of the points greater than the annual fee you pay for the card?"

Don't forget travel perks, such as travel and luggage insurance. If you travel a lot, and your card gives you these extras, it probably makes sense to keep it. There's just no reason to pay for more than one card that offers these perks. Pick one and close the rest.

2. **Get a deal.** Ready to shop around? Start with your own financial institution and see what kinds of deals it might offer you. Your relationship may qualify you for a great offer. For example, if, after looking at your spending history, you realize you would do well to own a low-interest card, ask whether you can switch to one that is a better fit. Most issuers do offer low interest cards with low or no annual fees.

3. **Shop around.** Not sure you're still getting the best deal? Check online credit card comparison sites. If you find a competing card with a better offer, go to your bank and ask for a match. If it won't budge, switch to the other card and close down your existing one once the balance is at zero.

4. **Reevaluate every five years.**
   Life changes and so should your credit cards. Particularly if you travel and are reaching retirement, it may be time to find a card that offers insurance into your golden years. They're rare, but a few exist. Or, maybe your student card was helpful 10 years ago, but now there are kids in the house and a card that gives cash back on groceries is the best move.

Although closing cards and switching to new ones might have an impact on your overall credit score, Walkington says it probably won't make that much of a difference.

"The key to keeping a good credit score is to pay your loan and bills on time," she says.