

Is Your Travel Credit Card Worth the Annual Fee?

Looking for a new travel credit card can be a roller coaster ride. Often, the sign-up bonus seems good; the earning perks and rewards seem favorable; but then you see the annual fee, and it's pricey. Annual travel credit card fees can be hundreds of dollars. You might even wonder why there's an annual fee at all, or maybe you currently hold a credit card that's changing raising its annual fee and changing its perks, like the [Chase Sapphire Reserve recently announced](#). Is it worth paying an annual fee for a travel credit card? How much should you pay? Here are the five things to consider.

Will you use the benefits?

Some credit cards come with hefty annual fees in exchange for plenty of good benefits: airline fee waivers, [seat upgrades](#), and airport lounge pass memberships. Are those things that you would normally pay for anyway? If so, you can just stop paying for them individually, pay for a credit card annual fee instead, and earn points or miles in the process.

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Most travel credit card users are in it for the points—which is smart. If you frequently book travel and dine out, double or triple points mean free money toward flights, hotels, and more. But point-happy travelers who don't read the fine print of their card agreement (who does?) might not realize just how many free credit card travel benefits their card comes with—and they're missing out.

Nowadays, issuers provide an array of travel perks that you might not even know you have. Here's what to look for in your credit card travel benefits.

Lounge Access and Meal Credits

One of the best credit card travel benefits available today is one that typically must be opted into: free airport lounge access. One of the most popular credit cards for this perk is [Chase's Sapphire Reserve](#), which comes with [Priority Pass](#) membership *only* once you log into the card's benefits portal and activate the membership. Why? Probably because it's a super in-demand freebie, as evidenced by recent [lounge overcrowding](#) that's caused some credit cards to offer airport meal credits in lieu of lounge access at busier hubs. Still, if you know it's there, it's smart to opt in for the free membership and airport restaurant credits. I've personally used both perks while traveling and saved lots of money on airport meals as a result.

Note: Like many premium cards, Chase Sapphire Reserve has a high (\$450) annual fee, but much of that charge (\$300) is redeemed automatically on travel expenses as you spend—making it a low-fee card for frequent travelers.

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[Priority Pass vs. Lounge Pass: Which Is Better for Affordable Airport Lounge Access?](#)

Travel Health Insurance

Considering buying travel accident or health insurance in case you need to see a doctor on a trip abroad? Stop price comparing and check what you might already have for free as a credit card perk. One of the most underrated credit card travel benefits is health insurance coverage that can save you a lot of money if you unexpectedly need medical assistance in another country. Many credit cards also provide up to \$500,000 in “accidental death and dismemberment” (ADD) insurance for travel on any common carrier. Cards with travel emergency assistance perks include

Chase’s [Sapphire Preferred](#) and [Sapphire Reserve](#), [Citi’s Prestige Card](#), and an array of [American Express cards](#).

Free Global Entry or TSA PreCheck

Don’t let annual fees, which most premium cards have, scare you away from travel cards. They often make up for the fee in credit card travel benefits. If you’re enrolling in or renewing [Global Entry](#), for example, you can often be reimbursed the \$100 enrollment fee as part of annual fee credits. Not interested in Global Entry? [TSA PreCheck](#) enrollment or renewal fees also qualify for the reimbursement.

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[How to Get Global Entry or TSA Precheck for Free](#)

Rental Car Coverage/Roadside Assistance

Roadside assistance and/or rental car insurance is included with many credit cards these days—not just travel cards. According to SmarterTravel insurance expert Ed Perkins: “Rental car coverage is by far the most important travel benefit your credit card provides: If you rent with a card offering this benefit and the car is damaged during the time you rent, the card picks up whatever costs you can’t first recover from your regular insurance.”

All that’s required to take advantage of a card’s free rental car coverage is to use the card for the rental agreement and decline the rental company’s (usually outrageously expensive) collision damage waiver (CDW), which can be as high as \$30 per day—sometimes much more than the base rental rate.

As for roadside assistance: Visa premium cards, most American Express cards, and many others offer some type of roadside assistance, similar to what you can get from AAA if a car you’re driving runs out of gas, suffers a flat, or experiences a dead battery. But if you’re in a rental car, call the rental company first.

Lost Bag Protection

If you buy an airline, bus, rail, or other ticket with your card and your baggage on that trip is stolen, damaged, or permanently lost, Visa premium cards, most AmEx cards, and quite a few others cover you. Bag protection can also cover costs incurred if your bags are lost and therefore delayed—i.e., if you need to buy some necessities in the interim.

This type of card coverage is typically secondary, meaning that you must first claim dues from the carrier. The card may cap collection at a typical figure of \$3,000 or only provide coverage of claim expenses that exceed the carrier's maximum limit. And payments on most such claims cover only the depreciated value of the items lost or damaged, not the replacement value: Most people would have a tough time coming up with \$3,000 worth of value for what's in their baggage.

RELATED:

[This Is the Worst Airline for Lost Luggage](#)

Delay and/or TCI Insurance

If your trip is delayed, a few premium cards offer a modest amount of coverage toward the cost of meals, accommodations, and various "essential items." Coverage kicks in only after a specified time, sometimes as long as 18 hours of delay, and reimbursement may not be available until you can prove you've asked for it from your carrier. But if the airline won't pay out, it's a good back-up option—and can make a big difference in a nightmarish flight delay. Some credit cards also provide trip-cancellation/interruption (TCI) benefits, but the pay-out limit tends to be low. Only a few premium cards provide this benefit, including [Capital One World MasterCard](#) and several Citi cards.

Entertainment Concierge

A few premium cards provide arrangements with local agencies that fill the function of a ritzy hotel concierge in major cities: They can arrange tickets for sightseeing, local entertainment, tables at famous restaurants, and more—some of which could be sold out or unavailable to other average customers. Note that while the service is "free," you of course will have to pay for whatever the concierge arranges for you.

How much do the benefits cost in comparison?

Before you just automatically jump to the conclusion that the benefits the card offers are worth the annual fee, sit down and do the hard math. Do the benefits offered equal a monetary value that's equal to or greater than the annual fee? Did you actually use those benefits as much as you think you did over the last year?

While the benefits may seem good at first glance, you want to make sure that your numbers are correct before signing up for the card. You may find that some of those benefits will help offset the annual fee. However, will you be using those benefits enough to justify the cost

What's your credit score?

In some cases, you won't be able to get a credit card that has no annual fee, particularly if you don't have a great credit score (or even a good credit score, to be honest). If that's the case, just look for a card with a relatively low annual fee (around \$100). Then you can avoid paying an annual fee that's on the larger side (upwards of \$500) and work on building your credit until you do qualify for a no-fee card.

Conversely, if you already have a card with an annual fee and you're considering getting rid of it, think about your credit score then, too. Will canceling the card hurt your credit score? If it hurts it a great deal, you might just

decide that keeping the card and paying the annual fee is worth it. A better option would be to downgrade your current card to a no annual fee if you can longer justify the annual fee, but don't want to cancel the card outright.

What's the sign-up bonus?

In addition to looking at the value you'll get from a credit card's benefits, also look at the sign-up bonus. You might find that the monetary value of the sign-up bonus is greater than the cost of the annual fee. For example, the [Chase Sapphire Preferred](#) has a sign-up bonus of 60,000 points after meeting the required minimum spend, which at its base value is worth \$750 in travel ... so the sign-up bonus is more than worth the \$95 annual fee.

Keep in mind that introductory sign-up bonuses change all the time. So if there's a card you've had your eye on for a while and the sign-up bonus isn't preferable now, you might be able to wait and get a better deal that makes the card's annual fee worth it. There are also plenty of credit cards that waive their annual fees during the first year of card membership.

Also, if the bonus comes in the form of miles or points, make sure to look at the monetary value of those miles or points at the time of sign up. The value for these also fluctuates, depending on a brand or loyalty program's changing policies. Note that some of the [miles credit cards](#) offer a bonus when redeeming their points through their online portal, but in many cases you can get more value by transferring them out to an eligible travel partner.

Are you playing the miles and points game?

For many people who play the miles and points game (in other words, racking up as many miles or points as possible in order to gain free travel for [your dream vacation](#)), sometimes getting a credit card with an annual fee is worth it. That card allows them to transfer points or miles to another credit card they have in their wallet. Then they might get a better value for those miles or points.

Similarly, they might value the points and miles-earning potential a card offers enough to pay that annual fee. After a little maneuvering of points and miles from account to account, they might find that they're getting more than the cost of the fee in value.

However, keep in mind, especially for those who aren't well versed in earning points and miles, this process can be a little convoluted and tricky. If you're not careful and you don't put a lot of time into researching the best processes, you could end up not getting your money's worth.

For non-premium travel cards, the annual fee is often under \$100. That means that with just one trip, you can likely get your money's worth from the annual fee, depending on the card. For instance, some airline cards give you access to an [airport lounge](#) and free checked bags, which otherwise would cost over \$100. Most hotel cards give you a free night—usually a value over \$100.