

When a Card Is Worth Its Annual Fee → But Still Worth Closing

One of the most common ways to decide whether to keep a credit card is pretty simple:

Add up the benefits you expect to use & compare them with the annual fee.

If you're paying a \$395 annual fee and can reasonably get \$500 or \$600 of value from the card each year, the answer seems obvious.

Keep the card.

Maybe.

Covering the annual fee tells you the card provides value. It doesn't necessarily tell you that keeping it is the best move for your overall strategy.

Annual Fee Math is Only the First Step

Determining a card's benefits outweigh its annual fee tells you whether the card provides positive value **in isolation**.

But your cards don't exist in isolation.

Consider a hypothetical premium airline card with a \$395 annual fee. Maybe its annual companion benefit alone is worth \$300+ to you.

Add free checked bags, lounge access, elevated earning and other benefits you'll actually use, and you're comfortably above \$395.

The card passes the annual-fee test.

BUT WHAT IF:

- Someone else in your household already has a card that provides many of the same benefits?
- Closing the card could help position you to become eligible for another valuable welcome offer in the future?
- Getting the card's most valuable additional benefit requires directing significant annual spend to it?
- That same spend could instead earn one or more welcome offers or unlock a more valuable benefit elsewhere?
- A new card—or a change to one you already hold—has created a better place for your spending?

NOW:

“Do I get \$395 of value from this card?”

Isn't really the whole question.

THE BETTER QUESTION:

“Is keeping this card the best use of my money, spending capacity, and opportunities?”

Think in
Opportunity Cost

This is an important ClearSkies principle:



Points are capital.
And your spending
capacity is a resource.

If you direct \$25,000 of spend toward one card, that's \$25,000 you can't simultaneously use towards something else.

THE SAME CONCEPT APPLIES TO YOUR CARD PORTFOLIO.

KEEPING

Keeping one card may preserve a valuable benefit—but depending on the issuer and its eligibility rules, closing it could begin the path toward another opportunity.

PAYING

Paying an annual fee may make perfect sense—but not if you're largely duplicating benefits you already receive elsewhere.

The goal isn't to maximize the value of every individual card.



It's to maximize the value of your overall strategy.

A Better Keeper-Card Test

When an annual fee posts, don't stop at:

"Can I get enough value from this card to justify the fee?"

RUN THROUGH A FEW ADDITIONAL QUESTIONS:

Value:	Which benefits will I actually use, and what are they realistically worth <i>to me</i> ?
Duplication:	Do another one of my cards—or another card within my household—already provide these benefits?
Spend:	Does maximizing this card require spending that could produce greater value somewhere else?
Eligibility:	Could keeping or closing this account affect when I'm eligible for another welcome offer? Check the issuer's current rules before making a decision.
Optionality:	Does this card give me access to something meaningfully valuable or difficult to replace—such as a particular transfer partner, award benefit, status perk or travel protection?
Portfolio fit:	Given the cards I already hold and what I'm trying to accomplish next, does this card still deserve its place?

A card can pass the first test and fail the last one.

➤ *That's not contradictory. That's strategy.*

One More Thing: *Don't Automatically Cancel*

Deciding that a card isn't worth keeping doesn't always mean closing the account is your best option.

Depending on the card and issuer, you may be able to **product change** or **downgrade** to another card with a lower or no annual fee.

That can sometimes preserve the account and credit line while eliminating an annual fee or starting the clock for a new SUB opportunity.

*Before taking action, understand the options available for your specific card
& consider how each choice fits into your broader strategy.*

Your Card Portfolio Shouldn't Be Static

A card that was an obvious keeper **last** year isn't necessarily an obvious keeper **this** year.

Annual fees change.

Benefits change.

New cards launch.

Welcome offer rules change.

Your travel goals change.

Your spending changes.



The cards held by other members of your household may change.

GOOD CARD STRATEGY

That's why a good card strategy isn't simply knowing which cards to open.



It's also knowing which cards still earn their place.

Want Help Applying This to Your Cards?

ADVISOR AND CONCIERGE MEMBERS:

Your customized **Strategy Blueprint** looks across your existing cards, points, spending capacity, eligibility and travel goals—not just the value proposition of one card at a time.

And when a keeper decision comes up between Blueprints, gut check it with ClearSkies.

Sometimes a seemingly simple question like “*Is this card worth its annual fee?*” becomes a very different decision once we look at what keeping—or closing—it means for the rest of your strategy.

BECAUSE:

The goal isn't simply to make every annual fee pay for itself. It's to make your entire points strategy work harder.