

*Rock Your Travel Book excerpt - Chapter 6: CREDIT CARDS*

In this chapter, you will learn the most efficient technique for earning FF miles. Period. This is the strategy that travel experts use to get the maximum amount of luxury travel for the minimum amount of time and money. Even better, you don't need to be an expert or travel extensively to take advantage of this tactic and immediately earn enough miles for an award ticket.

Much to the benefit of the banks, people use their credit cards every day. You probably have a few in your wallet right now. But is the card you're using benefiting you?

In order to get your business, many banks are giving away free trips in exchange for you getting their airline co-branded credit card. By applying and getting approved for the right card, you could instantly receive enough FF miles for at least one free flight!

Most airlines have an airline co-branded credit card that earns airline FF miles. But the real value is in the huge sign-up bonus you receive when you apply, get accepted, and meet that card's "minimum spend" (see gray page for "minimum spend"). By knowing which credit cards (also known as "miles cards") to apply for and then getting approved for them, you'll be well on your way to rocking your travel without ever picking up a guitar.

Seeing the world has never been easier. If you have good credit (and sometimes even if you don't) you can apply for the right cards and easily earn enough miles from sign-up bonuses to fly and stay in amazing hotels all over the world for free.

## What the Heck Is Minimum Spend?

Minimum spend is the **one-time** required amount to be spent on your credit card to receive the bonus miles offered. Some credit cards only require a first purchase. In other words, you buy a bottle of water with your new credit card and boom! You have enough miles to take a free flight to visit your family for the holidays. Most other cards require anywhere from \$1,000 to \$5,000 within a certain time frame, usually three to six months.

For example, a card might specify that if you spend \$1,000 within the first three months of owning it, you then receive the bonus miles. Remember, it is a **one-time spend**. Once you've hit that minimum, you never have to do it again. And if you use the card to pay for as many of your regular bills/costs as possible, it should be fairly easy to reach your minimum spend within the required amount of time, and then you're ready to rock your travel.

Before we go any further, take a look at the miles/award chart to get a basic idea of how many FF miles you need for various flight options.

### **Average Miles Required for an Award Ticket**

25,000 miles = 1 Domestic Economy Award Ticket

50,000 miles = 1 Domestic First Class Award Ticket

50,000 miles = 1 Intl. Economy Award Ticket

100,000 miles = 1 Intl. Business Class Award Ticket

125,000 miles = 1 Intl. First Class Award Ticket

Most airline co-branded credit cards offer at least a 25,000 FF mile bonus (which as you can see from the chart, equals one

free flight in the U.S.). Many offer 30- 40,000 FF mile bonuses and a few offer bonuses as high as 100,000 FF miles.

To put that in perspective, you would have to fly from L.A. to N.Y. *five times* to earn 25,000 miles, or just one free flight. But getting one miles card will earn you anywhere from one free flight to four free flights without even setting foot on a plane.

Keep in mind that in addition to earning a ton of miles with sign-up bonuses, your new miles credit card will also reward you 1 FF mile for every dollar you spend on the card. Some cards even offer anywhere from two to five times the miles per dollar spent based on specific categories like groceries, travel, and dining.

For instance, think of all the bills and costs you pay in an average month. How many of them could be paid with a credit card and then *paid off completely* every month? Gas? Cable bill? Groceries? Rent? Cell Phone? Gym membership?

In other words, pay for your usual stuff, and bingo, free flight from bonus miles plus *extra* FF miles for all the dollars you spent!

In addition, if you're currently using a debit card, why not switch those purchases to a credit card, and pay it off at the end of the month?

I spend around \$1000 a month on food-related expenses for myself and my family. Using my airline co-branded credit card to pay groceries alone adds up to 12,000 miles per year. I've also got as many of my bills as possible being paid with my credit card, which I then *always* pay off completely at the end of the month.

Simply getting an airline miles credit card and using it solely for things you'd be spending money on anyway, you can meet the minimum spend, earn lots of airline miles, and have some amazing travel opportunities.

The irony is, despite the obvious benefits these cards can get you, most people probably wouldn't bother to sign up for one.

Their reasons:

**1. "I already have a miles card."**

This drives me crazy. Simple math is all you need to realize that if you have a miles card and spend \$25,000 USD on your card you will earn 25,000 FF miles, which is enough for one domestic award ticket. Don't get me wrong—25,000 miles is nothing to turn your nose up at. But credit card bonuses can earn you significantly more miles than simply using your current miles credit card.

If you were to apply for a few new mileage-earning credit cards and spend the same \$25,000 USD on those cards instead (meeting their various minimum spends as you go), you'd earn 25,000 FF miles for spending \$25,000, **plus an additional 120,000 FF miles from the sign-up bonuses** (assuming you got three cards in one year with 40k FF mile bonuses each) which would bring your total miles earned to 145,000 FF miles. That's enough for an International First Class flight to Europe or Asia *or* almost three International Coach flights.

**2. "I wasn't planning to take a trip until *next year*."** That's not an excuse. That's an advantage. The more time you have to earn miles, the easier it will be to travel big for very little money. Most people who learn about the miles game regret

that they didn't get into it sooner and start stockpiling miles so they would have tons of options whenever they are ready to travel.

**3. "I don't want to fly American (United, British Airways, or insert your least favorite airline here)." I understand.**

People sometimes have issues with certain airlines. Don't let that hold you back. You don't have to fly on the airline whose miles you earn.

Remember—airlines have alliances. For example, you can use American Airlines miles to fly First Class on Cathay Pacific. Cathay Pacific is consistently ranked as one of the best airlines in the world, with amazing First Class cabins. Don't pass up a huge sign-up bonus on an airline you might not otherwise fly because those miles could easily be used to fly a different airline.

And my personal favorite:

**4. "No! I absolutely refuse to fly to Europe or anywhere amazing for free!"** In that case, put this book down immediately. There's no excuse for not taking advantage of such incredible opportunities.

It only takes a few minutes to apply and is totally worth the time. Having a few more credit cards is not that complicated and contrary to what many people believe, if you acquire more cards (and pay off their balances every month) it will raise your debt-to-credit ratio, which *raises* your credit score.

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## **Strategy #7: Round-the-World Tickets**

When I was 12 years old, I read the Jules Verne classic, *Around the World in 80 Days*. For myself, and many others, Verne's book would be the first influence to inspire dreams of global circumnavigation.

These days, alliances and airlines make traveling around the world a bit easier by offering Round The World (RTW) tickets. But most people are not even aware that RTW airfares exist, much less how or why to book them.

### **Let's start with "why?"**

RTW tickets are very versatile. You can book anything from a very simple four-segment itinerary (Los Angeles-Auckland-Hong Kong- London-Los Angeles) all the way to a very complex 16-segment tour-de-force that goes through all the continents.

For those who dream of traveling to multiple countries around the world in the span of a year, RTW tickets can be a great asset when compared to buying multiple one-way tickets in order to travel as much. Not only that, but sometimes a RTW Business Class Fare can be cheaper than a simple round-trip in Business from the U.S. to Africa, Australia, or Southeast Asia. The fact that you could go all the way around the world and visit multiple countries instead of just one for the same price or less demonstrates just how valuable a RTW itinerary can be.

In addition to creating the itinerary you've always dreamed about, RTW tickets give you a whole year to complete your travels. Keep in mind though, with RTW tickets you must

always keep traveling in one direction around the globe. A caveat to the “one direction” is that the direction is defined by continent so, for example, since Europe is a continent, you can double back and technically travel in the opposite direction within that continent. But once you leave Europe to go to another continent (Asia or North America, for instance) you cannot use the RTW ticket to return to Europe.

Having a year to complete your RTW itinerary allows you to break up a RTW ticket into multiple adventures spaced months apart. This is done by using an award ticket (or paid fare) to fly home and then return later to wherever you chose to temporarily stop traveling around the world and continue your RTW itinerary.

### **Things to keep in mind about RTW tickets:**

- You must complete all travel within one year.
- Your routing has to start and end in the same country but it doesn't have to be in the same city.
- All three alliances (StarAlliance, SkyTeam, and OneWorld) offer RTW tickets, but due to their larger alliances, OneWorld and StarAlliance are generally recognized as having the best RTW products. I would recommend either of them.
- Several airlines also offer RTW fares: Air New Zealand, Singapore Airlines, and the combo of Virgin Atlantic/Virgin Australia.
- The itineraries offered by the individual airlines are significantly less complex. This can be good or bad, depending on your desires.

Each alliance and airline has their own rules and regulations governing RTW tickets, so it's good to do a bit of comparison-shopping. All the alliances have mileage-based fares, meaning they are priced out depending on how many miles you travel. They have several levels.

For example, Star Alliance has a 26,000 mile maximum fare, a 29,000 mile maximum fare, a 34,000 mile maximum fare and a 39,000 mile maximum fare. So it's best to try to get as close to the maximum allowable miles if you are trying to get the most value out of your RTW ticket. OneWorld also offers a "Segment" based program. The price is based on the number of continents visited. There is a limit of 16 segments.

The cost of RTW fares can vary greatly based on the country you start your journey from, even if the itinerary is otherwise the same. This peculiarity can allow you to save a significant amount of money. A business class fare that starts in the U.S. (generally one of the most expensive countries to start in) can cost 25-40% more than if you start your trip in South Korea or South Africa (currently two of the least expensive countries to start a RTW itinerary in).

For that kind of savings, if you live in the U.S., it would be well worth it to use an award ticket to fly to South Korea or South Africa or even Japan (another country that usually has a lower cost for RTW tickets) and begin your RTW trip from there.

Depending on the complexity of your trip, the fare class you wish to travel in, and the destinations you want to reach, the cost of RTW tickets can vary greatly. The average RTW ticket costs anywhere from \$3000 USD to \$10,000 USD or more.

For the novice world traveler, planning a RTW ticket requires a



lot of time, research, and planning. Plus, you should be prepared for a lengthy phone call or two to the airline you are looking to purchase your tickets from.

You can use the links listed below to see sample itineraries posted by the Alliances. Unfortunately, they no longer list the prices for them.

### **OneWorld Alliance Round the World Info**

<http://www.oneworld.com/flights/plan-book-online/>

### **Star Alliance Round the World Info**

<http://www.staralliance.com/en/fares/round-the-world-fare/>

After using the above links to plan your itinerary, you'll need to call the airline and speak to an agent to book your trip and pay for it.