



The Ultimate Business Credit Card Guide

An easy way to finance your business dream.



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Introduction

Nav's CEO Story: How I Used a Business Credit Card to Get Started

20 years ago, I'd have killed for the information contained in this guide. Now it seems obvious that a business credit card is a smart way to finance growth or run the day-to-day of your business. But the Internet was in its infancy when I started out, and resources for small business owners looking for a leg up practically nil.

All of that has changed, of course. I'm continually amazed by how many small business on-line tools are literally at your fingertips.

Starting out, American Express offered me a \$200 credit account on the condition that I mail them a \$200 deposit first—even this paltriest of offers had to be 100% secured by cash. But I took their offer, and worked my butt off, and slowly but surely they expanded my credit access until it reached a peak of \$200,000.

Access to credit is the lifeblood of every business. A business credit card can give you breathing room when business is slow, separate your personal and business finances, and prepare you for larger loans down the road.

We created this guide to teach you how to avoid the wrong turns and make the most of business credit cards.

Here's to your success,

Levi King,

Co-founder and CEO of Nav

The Many Advantages of Business Credit Cards

Business credit cards offer a number of fantastic benefits. Here are three perks of business credit cards that all businesses should take advantage of.

1. Finance your business purchases.

Business credit cards are just like personal credit cards, it's a revolving line of credit you use for business expenses. It's always a good idea to have one or two business credit cards available for short-term emergencies and working capital.

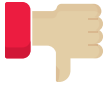
Business credit cards are a popular choice among entrepreneurs who have limited business history, but what you might not realize about credit cards is that they actually feature relatively low APRs in comparison to other business financing options—typical APRs on a business credit card range from 13% - 25%, whereas other business financing options have rates anywhere from 6% - 250% APR. On top of that, they offer a simple application and a way to make purchases on credit with no interest until the billing cycle has ended.

Using a business credit card can also make it simple to track business expenses and separate your personal from business finances, something every serious business owner should do right away. As noted above, maxing out personal credit cards for business expenses can kill your personal credit scores, whereas business credit cards can actually help build your business credit profile.



Pros of a business credit card as a financing option:

- Less stringent approval criteria
- Lower interest rates (13% – 25%) in comparison to certain on-line options like merchant cash advances, cash flow loans, and invoice financing.
- Quick turnaround time
- Rewards like cash back or 0% intro. interest rate
- Interest paid may be tax deductible (unlike personal cards)
- May help build business credit score
- Can use for any business need
- No collateral required



Cons of a business credit card as a financing option:

- Higher interest rates than bank loans or credit lines (13% – 25%)
- Variable interest rates could move higher
- May have annual fee
- Limited funding amount (max usually \$20,000)



Best Uses for Business Credit Cards:

- Working capital
- Every day expenses
- Short-term revenue generating opportunities
- Marketing expenses

2. Easily establish your business credit.

The number one factor influencing your business's credit scores is payment history. Obtaining a business credit card that reports to business credit reporting agencies is one way to get started establishing a payment history on your business credit report.

In addition to fantastic perks like building a credit history for your company, a business credit card will help you eliminate the need for personal credit cards for businesses purposes. Opening one of these cards will also reduce the risk of having your business transactions impact your personal credit. (Make sure you know if your business credit card could [impact your personal credit here.](#)) In addition, you may be able to deduct card costs (an annual fee and interest, for example), if you use it exclusively for business purchases. That may not be the case if you mix personal and business expenses on the same card.

Keep in mind that if you're looking to build your business credit using a business credit card, you'll want to make on time (or early) payments, as late payment could bring down your business credit score.



Nav's MatchFactor technology instantly filters your most-qualified matches from dozens of the top business credit cards. Nav

customers with a MatchFactor score were over 4 times more likely to be approved when applying for a business credit card. It's 100% free, saves you a ton of time and money, and lets you apply with confidence.

3. Get rewarded for the purchases you make on your business.

As you'll see if the pages to follow, many business credit cards offer a great way to get rewarded for items you need to purchase in the name of your business. Some cards offer cash back rewards up to 5%, travel rewards that allow you to earn 2 points on the dollar, and some even have a flexible points system that allow you to rack up points to use anywhere you'd like.

How to Get the Right Business Credit Card for Your Business

While the process of getting a business credit card is relatively painless, there are many choices to take into consideration. Let's take a look at some of the steps you'll need to take in order to obtain the right card for you.

1. Look up your credit scores.

The people to whom you're applying for a business credit card will want to know how responsibly you behaved with your credit. A low credit score will not automatically keep you out of the running for all cards, but if you find yourself getting denied, you can check out this list of [business credit cards with lower credit standards](#).

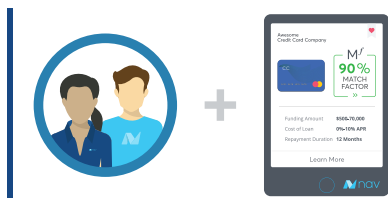
For the easiest way to know what cards you're likely to qualify for, sign up for a free Nav account and utilize our free matching algorithm. Nav's MatchFactor technology uses your credit data, along with your business information, and instantly compares it to known requirements from top business credit card providers. The closer your profile matches, the higher your MatchFactor will be, anywhere from 0% to a 100%. It doesn't require a "hard" credit pull to use, so it won't hurt your scores.

2. Choose the right business credit card.

Spend some time thinking about how you plan to use your card so you can pick one that meets your needs. Do you want rewards? If so, cash back or miles? Do you pay in full or plan to carry balances from time to time? If the latter, a low interest rate will be important.

3. Apply for your new card.

Business credit card applications usually ask for basic business and personal information such as your name and date of birth, the name of your business, its address, and your EIN (or SSN if you don't have an EIN). If you're the company owner, you will likely be required to give your personal social security number as well. You'll also need to provide information regarding the type of



Nav customers with a MatchFactor score were over 4 times more likely to be approved when applying for a business credit card.

business you've started—the options being sole proprietorship, partnership, and corporation—along with the number of years you've been in business and a little bit about your industry.

You can apply for a business credit card even if you don't own an established business. If you're a startup, know that business credit card applications are going to require your personal household income information. Usually when you're filling out your application, you're asked to enter your business income for the previous year. If you didn't have a business income last year, your creditor will have to look to your personal household income when making their decision.

Keep in mind that most of these cards will require a personal guarantee on the part of the applicant. That means if your business does not pay the debt, you will be personally responsible.



Does your business credit card affect your business AND personal credit?

Most small business credit cards require the business owner/cardholder to personally guarantee the debt. That means that if the balance isn't paid off through the business, the owner will be on the hook for the entire amount. That also means business account activity may spill over to the owner's personal credit reports, depending on each card issuer's policy.

Some card issuers only report activity to the cardholder's personal credit reports if the owner defaults. Others will report all activity, whether it is positive or negative.

Following are the policies of the major business credit card issuers at a glance:

Business credit card information reported on card holder's personal credit reports

<i>Issuer</i>	<i>All Activity</i>	<i>Default/ Negative</i>
American Express	No	Yes
Bank of America	No	No
Capital One	Yes*	Yes
Chase	No	Yes
CitiBusiness	No	No
Discover	N/A**	N/A
US Bank	No	No
Wells Fargo	No	Yes

*Capital One activity is flagged as 'small business' when reported to personal credit reports.

**Discover does not offer a small business credit card at this time.

Confirmed with card issuers November 2015. Be sure to check with your card issuer for updated information.

Pros and cons of business credit cards that do report activity

Which way is better? It depends on your situation. As long as you pay your business card on time and avoid high balances, having a business card that appears on your personal credit reports with Equifax, Experian and TransUnion should not be a problem, and may even help your credit scores.

But if you charge everything you can on your card to rack up rewards, for example, then your personal credit could suffer. Why? Credit scoring models take into account your “debt usage” or “utilization” ratio, which compares the balances reported against available credit limits, often for each card as well as all credit cards totalled together. A high balance on a business card that appears on an individual's personal credit can mean a high debt usage ratio which can lower credit scores.

(Keep in mind that simply paying the balance off in full each month alone isn't likely to solve this problem. The balance that is reported is usually the balance as of the statement closing date, not after a payment has been made. If you want lower balances to be reported, you need to make your payments before the statement closing date, or whatever date the issuer reports.)

On the other hand, if your personal credit history is a bit thin, a business card that reports your full account activity may help. For example, if you avoid credit cards and use a debit card, then you may have a “thin” credit profile that could benefit from the boost another card can help provide.

Choosing a business credit card that does not report to personal credit may be helpful if you know there will be times you need to run up charges that put you close to the limit or carry a balance — think holiday inventory, or that big tradeshow, for example — and you don't want that activity to bring down your personal scores.

Ultimately, you'll have to decide whether having a card that does (or doesn't) report monthly account activity on your credit reports is right for you. Either way, you'll want to keep tabs on your personal and business credit scores, to make sure they are as strong as possible—and stay that way.



Business Charge Cards and Debit Cards

We recommend for our business owners to avoid a business debit card and instead fill your wallet with business charge cards and/or credit cards. Here's why:

Why You Should Avoid a Business Debit Card

Business debit cards don't offer as much protection as business credit cards when it comes to making purchases for your business. Here's why.

When it comes to liability for fraudulent card purchases, there are two federal laws you need to be aware of. One is the Electronic Funds Act, spelled out in Regulation E (or "Reg E"), while the other is the Truth in Lending Act, or "Reg Z."

Reg E covers debit cards used by consumers for consumer purchases. It does not cover business debit cards. Under Reg E, if your consumer debit card (not your business debit card) is used fraudulently, your responsibility for fraudulent purchases starts at \$50 but can go higher.

Regulation Z covers credit card purchases. It also applies primarily to consumer transactions. In fact, it specifically says that it does not apply to "extensions of credit primarily for business, commercial or agricultural purposes." But in a footnote, the Board of Governors of the Federal Reserve notes that even these business transactions remain subject to the parts of the regulation that deal with "the issuance of credit cards and liability for their unauthorized use." In other words, unauthorized use of business credit cards is generally covered by Reg Z, which caps the maximum liability for fraudulent purchases at \$50.

What About Zero Liability?

At this point, you may be confused because you've heard of "zero liability" for all debit and credit card purchases. Zero liability is a voluntary program offered by the card companies. Under these policies, cardholders (small business or consumer) are usually not responsible for any fraudulent charges, as long as they report unauthorized use right away.

For example, MasterCard's website states:

"Have peace of mind knowing that the financial institution that issued your MasterCard won't hold you responsible for "unauthorized transactions." As a MasterCard cardholder, zero liability applies to your purchases made in the store, over the phone, online or via a mobile device and ATM transactions. As a cardholder, you will not be held responsible for unauthorized transactions if:

You have used reasonable care in protecting your card from loss or theft; and you have promptly reported to your financial institution when you knew that your MasterCard was lost or stolen.

If you believe there has been unauthorized use on your account and you meet the conditions above, rest easy knowing you're protected by Zero Liability."

As is often the case, there are some exceptions.

MasterCard's website states that, "zero Liability does not apply to the following (or certain) MasterCard payment cards: Commercial cards, unregistered prepaid cards or gift cards."

A MasterCard spokesperson clarified the difference between commercial cards and small business cards in this way in an email:

"A commercial card is any card that is used by companies or organizations primarily for business to business transaction and include: fuel cards; purchasing cards; fleet cards and corporate travel cards. A small business card is issued by banks to small business merchants and companies for their B2B payments."

Visa's policy also excludes commercial card purchases. It says it "does not apply to certain commercial card transactions, or any transactions not processed by Visa. You must notify your financial institution immediately of any unauthorized use. For specific restrictions, limitations and other details, please consult your issuer."

Under zero liability, as long as you report the loss or theft, or unauthorized use, of your small business card promptly, you should be covered in most cases for fraudulent transactions under the card issuer's zero liability policy, regardless of whether you use a debit or credit card. But what if you don't catch it right away?

Which Would Be Worse?

Under Reg E, which covers debit cards, if you know there has been unauthorized activity on your account and you fail to report it in a timely manner to your issuer, you could potentially lose all the money in your account, plus any overdraft line of credit. That's rare, but it does happen.

Even if you do spot and report it quickly, seeing your bank account balance suddenly drop because unauthorized debit card purchases have hit your account can be pretty stressful, to put it mildly. You may be scrambling while your bank investigates. And remember, since these cards aren't covered by Reg E, there is no specific statutory time limit by which they need to make you whole. You're counting on your issuer to straighten it out quickly, and some may do so faster than others.

If it's a credit card that's been compromised, the worst-case scenario is that you probably have to get a replacement card and switch out card numbers for the bills you have on autopay. That's a hassle, but not the worst thing in the world.

I feel a lot more comfortable with the certainty provided by federal regulation. So my advice to business owners is to use a credit card rather than a debit card if at all possible. Don't want to

pay interest? Then use your credit card like a debit card and pay it in full each month. And if you choose a rewards credit card, you can probably rack up some great rewards as well.

Why You Need a Business Charge Card

For your everyday spending, you may want to consider a business charge card. Here are four reasons why:

1. It helps keep spending in check.

Some business owners are nervous about using credit because they are afraid they will be tempted to run up debt. A charge card must be paid in full each month, making it a perfect alternative to checks or cash.

2. It's safer.

Business charge cards are protected under the same law as business credit cards, so you won't run into the same liability that you would with a business debit card. If your checking account is compromised and you're using a charge card, you should be able to simply replace the card with a new one instead of scrambling scrambling to pay bills while you straighten out the mess like you would have to do with a debit card. Plus, with a charge card or credit card, you can set up alerts to instantly inform you of purchases over a certain amount, adding another layer of fraud prevention.

3. It's better for budgeting.

Like business credit cards, charge cards will often give you a spending summary that quickly categorizes your purchases so you can see at a glance whether your spending in a particular category is higher than you expected.

4. It can be very rewarding.

Business credit cards offer great rewards, but so do business charge cards! Choose reward points, cash back, or travel miles that can help pay for a vacation or other perks you have no doubt earned for all your hard work.

Keep in mind that even young businesses can often qualify for these cards, as long as the owner's personal credit scores are good, so this could be a great option for business. (Bad personal credit? [Check these options.](#))

5 Hacks To Earn Rewards On Business Credit Cards

Here's some great news for both consumers and small business owners alike: the credit card industry is fiercely competing for your business and each bank is continuously trying to outdo its competitors by offering small business owners the most rewards. Here are five ways that you can maximize the value of the rewards you receive, just for making the purchases necessary to run your business.

1. Earn reward points in flexible reward programs.

Many of the popular credit cards for small businesses are designed to earn frequent flier miles and hotel reward points. While these rewards can be great, they have several disadvantages. For example, airlines and hotels are constantly devaluing their programs by requiring more points and miles for an award reservation, and by highly restricting the booking of awards during peak travel times.

To get around these issues, you should consider earning reward points in a flexible program such as Chase Ultimate Rewards and American Express Membership Rewards. For example, the [Chase Ink Plus card offers](#) Ultimate Rewards points that are worth 1.25 cents each towards travel booked through Chase, or transferred to airline miles with six different airlines or points with four different hotel programs, allowing you to choose the type of rewards that work best for your needs.

2. Make sure to earn bonus rewards.

While purchases on most reward credit cards will only earn one point or mile per dollar spent, you should always try to earn multiple points whenever possible. Fortunately, these kinds of bonuses are targeted at frequent business expenses. For example, the [American Express Business Rewards Gold card](#) offers 3x points on your choice of airfare, gas, shipping, or computer purchases including hardware, software, and cloud computing (from select providers), and 2X points on all of the remaining four categories. Cardholders simply pick the category they spend the most on, and watch the bonus points stream in.

3. Earn rewards from your employee spending.

Another way to multiply the rewards you receive is by adding your employees as authorized cardholders under your account. As the primary cardholder, you will then earn additional rewards based on their transactions. Finally, you can encourage or require your employees to use the cards you issue them, rather than their personal credit cards or other forms of payment. Just be sure to implement clear guidelines for the use of their cards.



4. Combine the rewards from your business and personal credit cards.

One of the keys to earning the most valuable rewards possible from your business spending is to create synergies between your business and personal credit card use, since business credit cards can earn rewards in the same programs used by your personal credit cards, and these balances can be combined. For example, the hotel points or frequent flier miles that you can earn from a business credit card go into the same account as those earned from your personal credit card. And when you use your small business credit card to earn points in a flexible rewards program such as Chase Ultimate Rewards and American Express Membership Rewards, then you can easily combine your rewards with those that you earned from your personal credit cards that belong to the same program.

5. Receive a generous sign-up bonus.

Competition for new small business customers is so intense, that the banks will offer you tens of thousands of points and miles, just for the opportunity to earn your business. So when you are looking for a new small business credit card, make sure to take into account the size of the sign-up bonus offered. For example, the [Chase Ink Plus card](#) currently offers new applicants 60,000 bonus points after spending \$5,000 within three months of account opening. These points are worth \$750 in travel reservation or can be redeemed for the equivalent number of frequent flier miles or hotel points, jumpstarting your path to an award travel vacation.

Credit card information subject to change. Accurate as of 12/15/15.

How to Get 2 Free Flights Using Business Credit Cards

If you are going to spend money for your business on required expenses and use air travel frequently, a good option for you could be to run your expenses through a credit card, pay off the balance before the grace period, and collect the free points, rebates, cash back, and airline miles that are afforded by the credit cards.

Here are some sequences and scenarios to get to 60,000 miles using four popular business travel rewards cards from U.S. Bank, American Express, and Capital One.



U.S. Bank FlexPerks Business Edge Travel Rewards Card

With the [U.S. Bank FlexPerks® Business Edge™ Travel Rewards Card](#), you will earn one to three FlexPoints depending on your category of spending. You'll earn three FlexPoints for donating to qualifying charities, two FlexPoints on spending in the cell phone, gas, office supply or airline categories, and one FlexPoint for spending everywhere else. Racking up 20,000 FlexPoints is good for one round trip airline ticket (\$400 value) and after \$3,500 in purchases within the first 120 days of account opening, you will get 20,000 bonus FlexPoints. So to get to the first 60,000 in miles with this card, you could do the following:

- Run through \$12,000 per year in spending of your cell phone, gas, and office supply expenses (this creates 24,000 FlexPoints).
- Collect the 20,000 bonus FlexPoints from the \$12,000 in spending .
- Donate \$6,000 per year to a qualifying charity (18,000 FlexPoints)

This would give you 62,000 miles, which would be worth at least two round-trip ticket flights. The annual fee is \$55 per year, along with \$10 per employee for each employee card. These costs are waived however, if you spend at least \$24,000 in purchases in a calendar year. APRs are set based on credit and can go up to about 18.24%, but you can avoid paying interest if you pay off the card's balance in full before the end of the grace period.



American Express Gold Delta SkyMiles Business Credit Card

With the [Gold Delta SkyMiles® Business Credit Card](#), you will earn two miles for every dollar spent at Delta airlines and one mile for every dollar spent elsewhere. The miles could then be used toward flights, seat upgrades, rental cars, and more. After you make \$1,000 in purchases during the first 90 days of

account opening, you will get 30,000 free bonus miles. So to get to the first 60,000 in miles with this card, you could do the following:

- Spend \$5,000 in airline travel with Delta airlines (10,000 miles)
- Run through \$20,000 of your business expenses through this card (20,000 miles)
- Collect the 30,000 free bonus miles for spending \$1,000 in purchases

For the first year, there's no annual fee with this card, but it will be \$95 per year thereafter with no cost for employee cards. APRs are set based on credit and can go up to about 19.49%, but you can avoid paying interest if you pay off the card's balance in full before the end of the grace period.

Capital One'S Business Travel Rewards Cards

Capital One offers two Business Travel Rewards Cards, you can choose from Spark® Miles for Business, or Spark® Miles Select for Business.



Spark® Miles for Business allows you to earn two miles on every purchase, along with 50,000 free bonus miles once you spend \$4,500 in purchases within the first 90 days of account opening.

- So to get to the first 60,000 miles with Spark® Miles for Business, you really just need to run \$5,000 worth of your business expenses through this card (10,000 miles) which would also activate the free 50,000 bonus miles (which are equal to \$500 in travel). For the first year, there's no annual fee with this card, but it will be \$59 per year thereafter with no cost for employee cards. APRs are set based on credit and can go up to about 17.24%, but you can avoid paying interest if you pay off the card's balance in full before the end of the grace period.



Spark® Miles Select for Business allows you to earn 1.5 miles on every purchase, along with 20,000 free miles (equal to \$200 in travel) once you spend \$3,000 in purchases within 90 days of account opening.

- So to get to the first 60,000 miles with Spark® Miles Select for Business, you need to run about \$28,000 worth of your business expenses through this card (42,000 miles) which would also activate the free 20,000 bonus miles. There's no annual fee with this card along with no cost for employee cards. APRs are set based on credit and can go up to about 21.24%, but you can avoid paying interest if you pay off the card's balance in full before the end of the grace period.

Credit card information subject to change. Accurate as of 09/01/16.

How Nav Can Help

“A business credit card will open doors for you that would have remained firmly shut otherwise. It'll give you breathing room when business is slow, teach you to budget and spend intelligently, and prepare you for larger loans down the road. Don't wait until circumstances force you to seek financing; get ahead of circumstances and chart your course today. ”

–Levi King

We hope this guide has some value to you, and has shown you that business credit cards allow you to make the most of your business spending, build business credit, protect your personal credit and safeguard your business against fraudulent purchases.

Nav offers a free, easy way for business owners to manage their credit and financial health, and instantly access their personal and business credit reports, contextual advice and monitoring all in one spot. Plus, as a Nav customer, you'll get a MatchFactor score for each option, that shows your approval odds before you apply. [Sign up for free here.](#)

We're always on the lookout for more ways to help you succeed. If you have feedback about this book or how we could improve, [please let us know.](#)





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