



How to Invest Your CERB to Secure Your Future

Description

Across the world, governments have stepped in to fill the void created by the ongoing pandemic. From Germany to Australia, nations have offered low-interest loans, tax holidays, mortgage deferrals, and direct payments to mitigate the economic impact of social distancing. Ottawa's response includes the Canada Emergency Response Benefit (CERB) program.

CERB

Designed as temporary income support for those who've lost their source of livelihood during this pandemic, CERB promises \$500 a week in direct payments for those who qualify.

Anyone over the age of 15 who has lost their employment or self-employed income due to COVID-19 can apply for this benefit. Payments are limited to 16 weeks for now.

Countless Canadian families will benefit from this program. Quick and robust economic relief goes a long way for many. In many parts of the country, I believe \$2,000 a month should be sufficient to cover basic expenses such as food, utilities, and rent. In fact, some beneficiaries could even save part of that cash and invest it to secure their future.

If you've applied for CERB and have the ability to save just \$100 or \$200 a month, here's how you can invest that cash.

High-interest ETF

You've probably already heard of high-interest savings accounts. These accounts offer better interest rates than your regular savings or checking account. However, different banks have different rates, and the application process can take forever. Instead, I prefer high-interest exchange traded funds (ETFs).

These ETFs trade on the stock market like regular stocks, so you can buy them really easily. When you invest, your money is split between the banks with the best rates to offer you the highest possible interest. **CI First Asset High Interest Savings ETF**, for example, currently offers a monthly payment depending on the interest rates offered by banks.

Similarly, the **Purpose High Interest ETF** offers a 0.65% dividend yield at its current price. These ETFs offer you alternatives to your bank account for your CERB and a convenient place to park your cash. The higher interest rate allows you to retain the value of your savings, but the ETF can be easily sold in case of emergency.

However, if you have the capacity to save more of your CERB and an appetite for greater risk, you could invest in some undervalued dividend stocks to secure your future.

Dividend stocks

The stock market has plunged, which means some companies are starting to look like attractive investments. Companies with robust cash flows and low debt can offer a lucrative dividend yield. That can push your CERB money much further.

Fortis, for example, shouldn't see much of a dent in sales. Residential use of electricity should surge as everyone spends more time at home this month. The stock currently offers a [3.45% dividend yield](#). If you invested \$600 over the next six months, you could add an extra \$20 in passive income through dividends.

Similarly, **Brookfield Renewable Partners** and **Manulife Financial** offer high single-digit dividend yields. Picking the right dividend stock could magnify the CERB's impact on your family's wealth over the long term.

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