



## WARNING: CERB Payments Are About to Expire for Many Canadians

### Description

Canada's economy has paid a heavy price due to the COVID-19 pandemic and subsequent lockdowns. Worse yet, the slowdown has put an incredible strain on Canadian workers. The country lost nearly 2 million jobs in the month of April. This slide has pushed Canada's unemployment rate to its highest point since the 1980s.

Fortunately, the federal government stepped in with radical spending programs to alleviate some of the financial pain. The biggest change was the [introduction of the Canada Emergency Response Benefit \(CERB\)](#). This provides Canadians who are out of work or who have seen their pay severely reduced to claim a \$2,000 a month payment. As of early May, the Canada Revenue Agency has received more than 11 million applications for the CERB.

Those who have relied on CERB payments since March need to plan accordingly as we look ahead to the summer.

## Canadians: CERB payments will run out for many applicants this summer

The third phase of CERB began on May 10 and will run through June 6, 2020. [Eligibility permitting](#), the CERB provides a taxable \$500-per-week payment for a maximum of 16 weeks. It is available from March 15 through to October 3, 2020. The 16-week calculation kicks in immediately after the first CERB payment. This means that Canadians who applied for CERB payments starting in March will see the program expire in July.

Canadians who are considering applying in the May-through-June period may want to exercise patience. The federal government is encouraging citizens who think they may be returning to work to think about waiting a little longer before filling out an application. Another important point to remember is that the CERB is taxable, but no tax is withheld at source.

## How you can gobble up monthly income regardless

Jobs lost during this terrible crisis will not return at the snap of a finger. Industries like airlines and hospitality will take years to recover. Moreover, new regulations may severely limit the earning power of restaurants, theatres and other spaces. Canadians who are reeling from the economic upheaval will need to find an alternative to CERB payments as we look ahead to the latter half of 2020.

It is always a good idea to target attractive income-yielding equities. **Hydro One** is a utility that I still love in late May. Its shares have increased 3.1% in 2020 as of close on May 20. Not only does Hydro One provide solid income, but it is a nice defensive play in this environment. Canadians are spending more time than ever in their homes. Utility services are more essential than ever.

Hydro One stock last had a favourable price-to-earnings ratio of 18 and a price-to-book value of 1.6. The company put out more good news this month. It increased its quarterly dividend payout to \$0.2536 per share. This represents a solid 3.9% yield. Hydro One had achieved dividend growth in every year since its 2015 IPO. Canadians on the hunt for income substitutes should look to this massive Ontario-based utility.

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