



\$500 OAS and GIS One-Time Boost: Do You Qualify?

Description

Canada is spending billions of dollars rolling out [numerous benefits](#) to help its citizens cope with the financial hardship due to the COVID-19 pandemic. Among the pillars in the COVID-19 Economic Response Plan are the Canada Emergency Response Benefit (CERB) and the Canada Emergency Wage Subsidy (CEWS).

The federal government also enhanced the Canada Child Benefit (CCB), so parents will have extra money during the health crisis. Students also have financial support through the Canada Economic Student Benefit (CESB). Unfortunately, there was no financial relief that focuses on seniors.

Better late than never

Although overdue, the government is taking notice of the plight of seniors. Seniors who are receiving Old Age Security (OAS) and Guaranteed Income Supplement (GIS) benefits will receive a much-needed federal aid.

The wait was over when the good news came on May 12, 2020. Eligible individuals for both OAS and GIS benefits can receive a one-time boost of up to \$500. For the OAS, the top-up is \$300, while GIS recipients will get a \$200 extra payment. A senior with an annual income of not more than \$18,600 are eligible for the GIS.

This new emergency measure will cost the government \$2.5 billion. About 6.7 million seniors will benefit from the OAS increase, and approximately 2.2 million will receive the additional GIS benefit. Both top-ups are tax-free.

Many Canadian retirees are [supplementing](#) their OAS and Canada Pension Plan (CPP) with investment income. Without other sources of retirement income, the combined monthly total of \$1,286.40 might not be enough. Bank stocks are usually the go-to investment options.

Ideal supplement to pensions

Investors consider the Canadian banking sector as among the world's stable sectors during economic downturns. **Toronto-Dominion Bank** ([TSX: TD](#))([NYSE:TD](#)) has proven its mettle in the 2008 financial crisis. It was the only company that posted both revenue and profit growth at the height of the meltdown.

Keep in mind that bank stocks, including TD, are not immune from the market influence and price swings. The 2020 market selloff is an example. While shares of TD are down 22% year to date, it presents a buying opportunity. At \$55.52 per share, you can partake in the generous 5.69% dividend offer.

If you're a long-term investor building a nest egg, your investment will double in 12.65 years, assuming the yield remains constant. But the real takeaway is that the dividends are safe. Take note that this bank stock has been paying dividends non-stop for 163 years. You can purchase TD shares today and have an income stream for life.

TD is the sixth-largest bank in North America with \$1.5 trillion assets as of January 31, 2020, and market capitalization of \$100.44 billion as of this writing. There will be an impact from COVID-19, but it will not affect TD's reliability as a consistent dividend payer.

Lasting impact needed

The National Association of Federal Retirees and the Canadian Association of Retired Persons are thankful for the one-time boost in OAS and GIS benefits. However, a prolonged crisis could cause financial insecurity among seniors. The groups are hoping the federal government will introduce changes with lasting impact next.

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