Forget CERB: Here’s a Permanent $8,000 Every Year

Description

Before I begin, the Canadian Emergency Response Benefit (CERB) is a godsend. For those that need it, $8,000 is a lot of money when you have lost your job, had your hours cut, or simply needed to leave work because you have kids to care for at home. The last thing you want to worry about when your life could be at risk from a virus is paying your mortgage next week.

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That being said, not everyone is eligible. If you aren’t, and you have been receiving CERB payment, you will be expected to pay back every cent of that $8,000. That could hurt badly when the Canada Revenue Agency (CRA) comes knocking next year. Sure, that seems far away now, but here’s something to consider before applying to CERB.

Most analysts believe we aren’t done with the current financial downturn. In fact, we could see a few more dips as companies report earnings. Those businesses will see a drop that needs to be recovered. That could lead to business closures, layoffs, even entire industries put on pause while COVID-19 continues. Even more people will need CERB by then, and you will need to pay it back to pay for them.

By then, the financial downturn could have hurt you badly, so even next year you could be in need of that cash that unfortunately needs to be paid back. So what can you do instead of CERB?

Ditch CERB, buy dividends

The number one type of stock every investor should be buying up now are dividend stocks. Dividends give investors guaranteed cash every year, quarter, or in some cases every month. That’s income put straight into your account that will keep coming in for years if you choose the right one. That’s way better than the 16 weeks offered up by the CERB.

And there are ways you can bring in $8,000 each and every year, though granted it won’t be cheap. The first option is to buy a solid dividend stock like **Enbridge Inc.** (TSX:ENB)(NYSE:ENB). Enbridge has decades of solid growth behind it, only coming down because of the current economic crisis, and the poor oil and gas industry. However, investors haven’t given Enbridge a fair shake.

While the energy sector may be suffering, those companies will need Enbridge and its pipelines if there's any hopes of moving oil and gas and getting the price up again. While there are a lot of environmental and societal hurdles – as there should be – Enbridge will be one of the first businesses out the gate to continue its growth projects. Once complete in the next few years, the company's undervalued stock price should shoot up.

Do you trust your partner?

Meanwhile, investors get a deal on a stock that has secured long-term contracts for several decades. On top of that, it offers a 7.24% dividend yield that is usually unheard of. To bring in that $8,000 per year (or $2,000 every quarter), here is what you could do. First, you and your partner need a Tax-Free Savings Account to bring your total contribution room to $139,000 for this year. Then, you would share the investment and buy up $111,150 worth of shares at $45 per share as of writing. That would give you a grand total of $8,000 in dividends coming in each and every year. This is just an example – diversification is important, and holding just one stock in your portfolio is not recommended.

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