



3 Ways to Put Your CERB Savings To Work

Description

The Canada Emergency Response Benefit (CERB), along with other federal aids, is [pandemic money](#). First and foremost, the government created the benefits program so Canadians will have income if they've lost their jobs because of the pandemic. COVID-19 is the reason why the number of newly unemployed is growing.

People are supposed to use the CERB to cover the cost of essential needs and other recurring expenses like rent and utilities. The Canada Revenue Agency (CRA) is paying \$500 weekly for up to 16 weeks. In total, recipients will receive \$8,000 in four months.

If you're a CERB recipient with no financial baggage, you can make money work for you. You can convert the temporary taxable benefit into something more permanent.

Spend

CERB is also stimulus money, and when millions of recipients spend their emergency fund, there is money circulation. There's no curtailment or significant changes to consumer spending, an important economic factor. Thus, you contribute to the stimulation and churning of the economy when you spend your CERB.

Keep the cash

You can elect to save the CERB and keep it in cash. When times are uncertain like today, nothing beats cash as a safety net. As CERB is taxable income, you can earmark a portion for tax payment in 2021 and make the remaining your reserve fund for future use.

Invest

Investing is another way to use your CERB. Other recipients are taking this option to grow the money.

There are crisis-proof or defensive stocks that are offering generous dividends. Unlike CERB, which is brief and fleeting, investment income can be permanent or even for life.

The first choice for risk-averse investors is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). Investing in this company is like investing in bonds, but with higher returns. The stock performance of this \$25 billion regulated electric and gas utility company is remarkable.

Fortis is an [immovable force](#) during the COVID-19 pandemic. The shares are even gaining by 1.75% year to date. Similarly, the current dividend yield of 3.59% is safe and sustainable, given the low payout ratio of 50%. Market analysts see the price to climb by 17% in the next 12 months.

The top-tier utility stock is proving to all that it's a haven in which to park your money, big or small. It's not a dividend all-star with 46 years of dividend growth streak for nothing. The best part of all is that you can build your retirement wealth from the \$8,000 CERB as you have an income-producing asset for keeps.

New mindset

There are plenty of lessons we can draw from the 2020 pandemic — the most important being the need to have a cash buffer when unexpected events like coronavirus happen.

If you don't have an urgent financial need, you accumulate and save your CERB plus other emergency monetary benefits. But you shouldn't spend them on luxuries or non-essentials at this time.

What if the federal government doesn't have the resources to shield its citizens from the economic impact? Thus, when you return to work, change your mindset. Prioritize your financial security.

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