



CERB Extension: Will the CRA Continue the \$2,000/Month Payouts?

Description

The Government of Canada introduced the Canada Emergency Response Benefit (CERB) in April to help Canadians impacted by the COVID-19 pandemic. It provides financial support to employed and self-employed Canadians who have lost their jobs or income due to the pandemic. If you are eligible for the CERB, you can receive \$500/week up to a period of 16 weeks.

Canada's unemployment rate stands at 13.7%, up from 6% in February. The dreaded virus will continue to impact consumer spending in 2020, which will delay the economic recovery. This means Canada's unemployment rate will remain high in the near future.

The Canada Revenue Agency (CRA) [has disbursed over](#) \$42 billion in CERB payouts to approximately 8.4 million Canadians. If we keep this 8.4 million number constant, the Federal government will be spending close to \$17 billion in monthly CERB payments.

Applicants receiving CERB payments since March will see their benefits expire as early as July. According to [a report from Global News](#), Prime Minister Justin Trudeau said that the government is working on a solution to extend CERB payments.

Trudeau commented, "I want to reassure all Canadians who are receiving the CERB and who are looking for a job and want to make sure they will find a job between now and the end of the CERB, that we will continue to be there to help them. We've said this from the very beginning." However, Trudeau did not provide any details regarding the period of this extension.

The CERB has experienced unprecedented demand

The federal government has some budgetary leeway to extend the CERB. It cut the proposed CEWS (Canada Economic Wage Subsidy) budget from \$45 billion to \$73 billion. As of June 8, this program paid out \$10.5 billion in wage subsidies according to CBC.

Comparatively, the Government of Canada increased its CERB budget from \$35 billion to \$60 billion due to a significant increase in the number of applicants. The CERB extension comes as a welcome

relief to millions of Canadians who are unemployed right now.

How to create a monthly passive-income stream

The recent pandemic has shown us the vulnerability of the world economy. Within a few months, a significant portion of the global populace was rendered jobless. Its never too late to start saving and create a nest egg, which will help you tide over uncertain times.

Canadians unaffected by the COVID-19 pandemic can look to invest in quality stocks such as **TransAlta Renewables** ([TSX:RNW](#)) that pay a monthly dividend. TransAlta stock is trading at \$14.2, which is 22% below its 52-week high.

The recent pullback in share price has meant that TransAlta has a forward dividend yield of 6.5%. This means if you invest \$10,000 in this company, you will generate annual dividends of \$652. As the company pays a monthly dividend, the monthly payout is just over \$54, which might not seem a lot.

But investors can reinvest these dividends and benefit from the power of compounding. Further, TransAlta is part of a rapidly growing market that will ensure robust top-line growth. Long-term investors will benefit from capital appreciation as well.

The company is part of a regulated industry that ensures a steady stream of cash flows, making a dividend cut unlikely. TransAlta is just an example of a quality company that pays a monthly dividend. You can identify several such companies on the TSX and grow your wealth over time.

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