Millennial Students: Should You Apply for CERB or CESB?

Description

If you're a millennial student, you might be wondering whether you should apply for CERB or CESB. The two biggest cash benefits available to Canadians during COVID-19, either one could go a long way toward helping you pay the bills.

Unfortunately, you can't get both at the same time. To avoid cash drain, the federal government's policy is to allow only *one* of CERB or CESB in a given eligibility period. So, if you want to receive either of these benefits, you'll need to choose the right one. In this article, I'll explore the case for each benefit in detail to help you decide which is best for you.

The case for CERB

The biggest thing the CERB has going for it is that it pays more than CESB.

CERB pays $2,000 to everyone, while the CESB only pays $1,250 for a typical student. You could get as much as $2,000 a month from CESB if you have children or are disabled; otherwise, the CERB pays considerably more. That's a significant benefit to consider. However, as you're about to see, the benefits pretty much end there.

The case for CESB

The biggest reason to consider CESB as a student is that you're more likely to legitimately qualify for it. If you apply for CERB as an unemployed student, you'll likely receive it, because applications are being pushed through quickly. However, if it turns out you lied on your application to get the money, you could be investigated for fraud.

The CRA has already brought in a “snitch line” and other measures to catch suspected CERB fraudsters. You don’t want to be in that boat. But if you apply for and receive CERB without being eligible, you could find yourself in it. As a student, you’re more likely to meet the CESB’s eligibility criteria than the CERB’s, so it’s a safer bet.

The case for neither

With all of the above being said, there’s a strong case that you shouldn’t apply for CERB or CESB. The crux of that case is that the CRA is seeking repayment from people who received these benefits in error. If you have enough money to stay afloat, you can avoid being asked to pay back these benefits by not requesting them in the first place.

In fact, if you have cash savings, you can even establish an income stream that could keep you afloat during the crisis. Dividend stocks like **Fortis** (TSX:FTS)(NYSE:FTS) pay steady cash income on a quarterly basis. With a 3.7% dividend yield, Fortis pays you $3,700 a year for every $100,000 you invest. That’s more than a month and a half of CERB, and about the same as three months of CESB. Of course, with a dividend stock like Fortis, the income you receive is spread out over an entire year, so it’s not exactly comparable. But it goes to show that, particularly if you have savings, you needn’t necessarily apply for benefits you may have to pay back later just to keep yourself afloat in this crisis.

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