



CRA's CERB of \$2,000/Month Extended: How You Can Get \$2,000/Month Forever

Description

The CRA has extended the Canada Emergency Response Benefit ([CERB](#)) program by eight weeks so that Canadians who can't work because of COVID-19 can get \$2,000 per month for two more months.

It's nice that Canadians can apply for the extended CERB, even when their EI benefits are exhausted.

At one point, the CERB benefit will stop. Fortunately, there are other ways to get \$2,000 per month of income forever.

Get dividend income

COVID-19 is undoubtedly a big drag on the economy. It has greatly impacted certain businesses. Consequently, certain stocks are now trading at historically cheap levels and offer [big dividends](#).

Below are three examples of such stocks. I believe these businesses will normalize (and their earnings will rise to more normalized levels). Yes, there will be a new normal in light of COVID-19. However, their valuations are simply too cheap to ignore for long-term investors who seek stable income.

How you can get \$2,000/month forever

You will likely find big-dividend, value stocks in traditional businesses like banks, insurers, and real estate. For example, the stocks of **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)), and **SmartCentres REIT** ([TSX:SRU.UN](#)) currently offer dividend yields of about 6.2%, 6%, and 8.5%, respectively.

If you invest the same amount in the stocks, you'd get an average yield of about 6.9%. To get \$2,000 per month (or \$24,000 a year), you'd need to invest approximately \$347,826. This is roughly \$115,942 in each stock.

It also requires the cooperation of these companies to sustain their dividends throughout this unprecedented gloomy time in the economy. As of right now, it's best to prepare for a potential dividend cut given the uncertainties surrounding COVID-19.

However, based on their earnings power, I believe a dividend cut is unlikely, especially for BNS stock. Even in the scenario of a dividend cut, all three companies should work towards increasing their dividends again in an improved economy. Therefore, investors truly need a long-term investment horizon of at least five years.

Shareholders of SmartCentres REIT needn't worry too much. About 60% of its tenants are essential businesses that remain open through this pandemic. Additionally, about 98% of the REIT's revenues come from open-format/outdoor centres that are quicker to open (vs. enclosed malls) on loosened government mandates.

Get your dividend income started

Understandably, an amount of close to \$350,000 is a lot of money to come up with. When it comes to building a passive-income stream with dividend stocks, the important thing is to get started.

Start small and get into the habit of saving every week or from every paycheck. Don't underestimate any amount of savings. Every dollar counts!

For example, savings of \$50 a week works out to \$2,600 a year. When you invest that amount every year and reinvest the dividends, they roll into something much bigger over time!

Assuming you do that for 30 years for a 10% rate of return, you'll arrive at \$470,453. If you instead save \$100 a week, your dividend portfolio will grow to \$940,906! Suppose the portfolio yield is 5.5%; you'll get annualized income of \$25,874 and \$51,749, respectively.

In fact, to get to a \$1,000,000 portfolio in 30 years, you only need to invest a little over \$5,526 a year (or just over \$106 a week).

The Foolish takeaway

The CERB is helpful. It would be even better to collect dividend income of \$2,000 (or more) per month forever. The sooner you start saving and investing, the sooner you'll achieve your passive-income goal.

Right now, it's a great time for investors to start or expand their dividend portfolios, as value stocks like BNS offer big dividends.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing
5. Stocks for Beginners

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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