



The CRA Has Extended the CERB by 2 Months: Should You Apply?

Description

On Tuesday, news broke that Justin Trudeau would be extending maximum CERB benefit period from 16 weeks to 24 weeks. This means that Canadians can now receive CERB for eight weeks longer than before. The move was motivated by the fact that a wave of Canadians were set to see their CERB expire in July, but still hadn't found jobs. The extension gives them an extra financial cushion as they seek work.

If you're a Canadian receiving CERB, you might be wondering whether it's a good idea to re-apply. While the recent extension was encouraging news for many, it came shortly after news that the CRA was moving forward with CERB fraud investigations.

As of right now, you can get the CERB for eight weeks longer than you could under the old rules. But with the CRA clamping down on CERB fraud and scrambling to recover payments, is it worth it to apply?

First, let's look at the main reasons you might want to re-apply for CERB.

Reasons to apply

The main reason you should apply for CERB is inability to find work. That's the reason the program was rolled out, after all, so there's no reason not to apply if you're struggling to get your job back.

Remember the eligibility criteria: you need at least [\\$5,000 in income over the last 12 months](#), and no more than \$1,000 in the past 14 days. If you meet these criteria and still can't find work, you should consider applying, or re-applying, for the CERB.

Why you might not want to apply

With all of the above being said, there are some good reasons *not* to apply for CERB.

If you earn over \$1,000 in a two-week period, you're not eligible for CERB. So if you apply for CERB, land a job, and get a \$1,001 paycheque, you'll have to start paying back your benefits. This is a headache you may not want to deal with. So, in the interest of avoiding it, you may wish to opt out of CERB altogether.

If you have significant savings lying around, you may be able to supplement your income without government benefits like the CERB. At an average portfolio yield of 3%, you can earn \$3,000 a year with \$100,000 invested up front. That's equal to about a month and a half of CERB benefits, and you'll never have to pay anything back.

One great investment for generating such a passive income stream is the **iShares S&P/TSX 60 Index Fund (TSX:XIU)**. With a [3.4% trailing yield](#), it could pay you \$3,400 a year with \$100,000 invested. That's more than a month and a half of CERB, and you could tax-shelter up to \$69,500 of your position in a TFSA.

Of course, dividends from an ETF like XIU aren't directly comparable to CERB money. CERB is a limited time benefit that expires, XIU pays out four times a year. So the dividends you'd receive from holding \$100,000 worth of XIU are more like \$280 a month.

On the other hand, if you only get CERB for a month and a half, the dividends received from the XIU position just mentioned will eventually add up to more. Plus, you can keep receiving them indefinitely.

So, if you're currently employed, it makes a lot more sense to invest your money than to apply for CERB.

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1. TSX:XIU (iShares S&P/TSX 60 Index ETF)

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