



CRA to Millennials: Generate \$553.25 in Extra Monthly Income

Description

It seems as though the Canada Emergency Response Benefit (CERB) is the only benefit worth talking about right now. The CERB has left many forgetting about some of the many other benefits available right now. One such benefit the Canada Revenue Agency (CRA) has given a big bump to is one that millennials should be looking into.

Granted, this benefit is specific to parents. The Canada Child Benefit (CCB) offers parents [monthly income](#) for their children all the way until age 17. So if you became a new parent during the pandemic and haven't registered yet, here are some reasons why.

How much do I get?

The CCB is a tax-free payment mainly targeted to low- and middle-income families. However, as long as you're a parent you can apply. How much merely depends on the income made during the last tax year. If your adjusted family net income comes in at less than \$31,120, then you can receive the maximum amount from the CRA.

As of 2020, that comes to \$6,639 per year per child for children under the age of six, and \$5,602 per year for children between the ages of six and 17.

That's a lot of money coming in, and incredibly helpful for those who need the extra income. Since its inception in 2016, the CCB has lifted 300,000 children out of poverty, reducing poverty by 40% between 2013 and 2017. So if you are below the threshold, with the average two children in your household, that's an extra \$1,106.50 per month in payments.

If you belong to the second threshold of between \$31,120 and \$67,427, it's easy to calculate your annual CRA payments. Simply calculate 7% of your adjusted family net income, then subtract that amount from the maximum payment you can receive, depending on how old your child is.

So let's say you have two kids under six and you make \$65,000 per year. You would receive \$4,178 each year, or \$348.17 per month. If you make above the \$67,427 amount the calculation is the same,

just at 3.2% plus \$2,541.

COVID-19 changes

It gets better. Many families may find themselves in this new threshold because of the COVID-19 pandemic. With millions of Canadians seeking extra income, the CRA sought to use the CCB. If you had CCB in April 2020, then on May 20, 2020 you were likely given an extra \$300 per child on top of your regular payment. That's a total of \$1,706.50 from the government using the above example.

However, that extra \$300 was only a one-time payment. So if you still have that cash hanging around there's one thing I would do with it: invest.

Dividends for long-term growth

The best thing you can do for your family's future is to create a nest egg. While millennials are pretty great when it comes to savings, they are terrible at investing. Put a stop to that today!

If you use the CRA's CCB as monthly income toward your investments, that's money that doesn't take away from your pay cheque. Use your pay cheque for every day expenses and the government cash for your investments.

The best purchase you can make is in Canadian banking stocks, as the banks are still undervalued. Banks provide solid dividend income, and apart the dips from recessions, offer quite steady share growth. For my CRA money, I would invest in **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)).

It's the largest bank by market capitalization, and recently increased its dividend while others have remained stable or even decreased.

The bank's dividend has grown by 108% in the last decade for an average growth of 10.7% per year, and a current payout ratio of 53.78%. Investors who buy today can lock in a 4.81% dividend yield, and use that to reinvest in your investments.

So not only are you using government money to buy stocks, now you're using the [bank's money](#) to buy more — at zero cost to your pay cheque.

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