



Forget CERB! Here's How to Collect Big Monthly Income Tax Free

Description

In late May, I'd sounded the alarm over the length of the [Canada Emergency Response Benefit \(CERB\)](#). At the time, Canadians who had received the CERB from March onward were on the clock to stop receiving payments in July. Fortunately, Justin Trudeau made a big announcement that provided a lot of relief for recipients. This is good news, as many Canadians are reeling in this economic crisis. However, CERB recipients should also explore how to generate their own passive income while also paying no tax on it.

Why the CERB was extended in June

The \$500/week CERB program was introduced to provide relief to those who had seen their work impacted by the COVID-19 pandemic. Canada's unemployment rate has skyrocketed to levels not seen since the early 1980s. Provinces are starting the slow process of reopening, but the hypercautious approach means that we are unlikely to see a rapid rebound in the jobs market.

Because of this, there is huge pressure on the federal government to continue to provide support for Canadians in need. This week, Prime Minister Justin Trudeau announced that the [CERB would be extended](#) an additional eight weeks for those who are still unable to return to work. It is good that the federal government will continue to provide financial relief to those impacted by COVID-19 work stoppages. However, CERB recipients should also explore permanent alternatives.

Here's why it is always better to build your own passive-income stream

The CERB program has been a crucial lifeline for many Canadians in this crisis. However, it does have some drawbacks. CERB payments are taxable, so the \$2,000/month payment works out to \$1,800 per month. Developing a passive-income stream should always been a priority for investors. Not only can this provide permanent monthly income support, but by using a TFSA, you will not have to pay taxes on that income.

Below are three of my favourite monthly dividend stocks for Canadians to stash in their TFSA.

Two top monthly dividend stocks

Canadians who are receiving CERB payments may want to consider using any leftover cash in a TFSA. This way, the CERB payment can support a more permanent passive-income solution.

Shaw Communications is a telecommunications company that operates throughout North America. Its shares have climbed 22% over the past three months as of close on June 18. The stock last had a favourable price-to-book (P/B) value of 1.9. Better yet, Shaw still offers a monthly dividend of \$0.09875 per share. This represents a 5.1% yield.

Pembina Pipeline provides transportation and midstream services for the energy industry in North America. Energy stocks have started to rebound nicely after suffering a sharp retreat to start the spring. Shares of Pembina have climbed 116% over the last three months. The stock still boasts a favourable price-to-earnings ratio of 13 and a P/B value of 1.3. Moreover, Pembina offers a monthly dividend of \$0.21 per share, representing a tasty 7.1% yield.

Investors who stash these top dividend stocks in a TFSA can gobble up nice monthly income while paying no taxes. Unlike the CERB, investors can also establish a permanent tax-free income stream.

CATEGORY

1. Dividend Stocks
2. Investing

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date

2025/08/21

Date Created

2020/06/20
Author
aocallaghan

default watermark

default watermark