



CRA Update: Will the CERB Become Permanent?

Description

The Canadian federal government took radical steps to give its citizens relief during the COVID-19 pandemic. When it announced the first steps to combat the virus, it also unveiled some of these programs. The most radical and far-reaching of these programs was the Canada Emergency Response Benefit (CERB). As originally constructed, the CERB would pay out \$500/week for a period of 16 weeks to Canadians who had been put out of work due to the pandemic.

In recent weeks, there has been a vigorous debate over the future of the CERB program. Could the CERB become permanent? It may not be as crazy as it sounds.

Why a permanent CERB may not be so radical

Last week, Justin Trudeau announced that the federal government would [extend CERB payments](#) for Canadians who still need it. The program will now span an additional eight weeks. In early June, Canada's unemployment rate rose to 13.7%. This is the highest rate recorded since the early 1980s. Many Canadians are facing financial catastrophe, and the gradual reopening in the face of a pandemic is unlikely to push down the rate quick enough in the near term.

When Trudeau's Liberals won a majority in 2015, they did so on a platform of aggressive social spending. One of the radical programs they toyed with was a guaranteed income payment. In effect, a guaranteed income would act as a sort of permanent CERB. A recent survey by the Angus Reid Institute found that roughly 60% of those asked would support a stipend for Canadians worth between \$10,000 and \$30,000 annually.

A permanent CERB could also be the key to this government's political survival. The Liberals pushed forward the extension under the threat of a no-confidence vote from the New Democrat Party. More concessions could be forthcoming in this crisis in order to maintain this fragile minority.

Canadians: Don't forget to seek out your own sources of passive income!

We will let the politicians debate the future of the CERB. For now, we know that the program as designed will inevitably expire. Those who rely on CERB payments should consider constructing passive-income streams through their investments. For example, they could look to [stash top dividend stocks](#) in their Tax-Free Savings Accounts.

Canadian Imperial Bank of Commerce is one bank stock that offers attractive income. Its shares have climbed 29% over the past three months. CIBC currently offers a quarterly dividend of \$1.46 per share. This represents a tasty 6.2% yield.

Emera is a Canadian utility that has been very reliable for investors. As essential services, utilities have been a solid target for investors in this crisis. Emera stock has dropped 1.9% in 2020 so far, but the stock is up 12% over the past three months. It last paid out a quarterly dividend of \$0.6125 per share, which represents a solid 4.5% yield.

These are the kind of stocks CERB applicants should be spying this summer.

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Date

2025/09/10

Date Created

2020/06/23

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