



CRA Update: You Could Be Eligible for an Extra \$300 Beyond CERB

Description

The Canada Revenue Agency (CRA) has dispensed a number of tax breaks since the COVID-19 outbreak. Perhaps the most well known is the Canada Emergency Response Benefit (CERB), which has already helped millions of Canadians avoid economic hardship. However, some CERB applicants could have benefited from an additional \$300 tax break.

CRA tax break

The government decided to offer a one-time payment of \$300 in Canadian Child Benefit (CCB) on May 20. Eligible parents who meet certain income thresholds have already received this much-needed cash injection. The program is designed to support families with kids and help them make ends meet.

If you're a parent with a child under the age of 18, it might be a good time to review this program and see if you're eligible. The additional \$300 might not sound like much, but when combined with other tax incentives and savings programs, it could help you set your child up for life. Here's how.

A path to financial freedom

Even a tiny amount, such as this CRA tax break, invested in the right stock could set the foundation for a lifetime of financial freedom.

Let's take that additional \$300 as an example. If you set that aside to invest it in a hyper-growth stock, such as **Shopify**, you could expect the amount to multiply rapidly. Shopify stock has delivered a 35-fold return over the past six years. It still has plenty of room to grow, as I've mentioned in a [previous article](#).

Even if you assume Shopify's growth will be slower in the years ahead — say, 20-fold over the next 18 years — your \$300 investment could be worth \$6,000 by the time your child is an adult. Starting off with \$6,000 in your teens is a great way to achieve financial freedom early.

I know this from personal experience. My father started investing in a tax-efficient investment account when I was born. In my late teens, the amount was worth several thousands of dollars. Those seed

funds enabled me to begin my own stock investment journey when I was just 18. I will always be grateful for his foresight.

Dividend stocks

Of course, you don't need to invest in exciting, hyper-growth stocks to achieve financial freedom. More predictable and robust stocks, such as **Royal Bank**, could have the same effect. My Fool colleague Amy Legate-Wolfe ran the numbers recently and believes Royal Bank's dividends could be [reinvested to achieve \\$9,290.90](#) in 20 years from the initial \$300 investment from the CRA tax break.

Final takeaway

The CRA CCB's generous one-time payment of \$300 could be the cornerstone of your child's financial freedom. Invest it either in a growth or dividend stock for several years to achieve the best results. Every dollar invested today could be worth multiple times more by the time they're old enough to take the reins of their personal finances.

My dad deployed this strategy with great results. I intend to do the same for my children. I encourage every parent to consider it, too.

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