CERB Extension: What You Need to Know

Description

Last week, Justin Trudeau announced that Canada would continue to support Canadians who have been put out of work by the coronavirus pandemic. This is a major announcement, as the Canada Emergency Response Benefit (CERB) was set to expire in October.

However, for those who began applying for CERB from the start, initially, the rules called for just 16 weeks of relief, meaning payments would have been ending soon.

With the extension, though, Canadians who have had their employment impacted can sleep easy knowing there is more relief coming from the government.

Here's what you need to know about the CERB

The extension basically means another eight weeks of support for the roughly three million Canadians who are still out of work.

However, the government is asking that all recipients make sure they are actively looking for work.

This isn't uncommon, as all students who applied for the student emergency benefit have to acknowledge they are actively looking for a job. However, although it's not unusual, it's crucial to take seriously. And it's important to keep in mind, as the CRA could ask for proof of this down the road.

Many have acknowledged, including the government, that the CERB is not a long-term solution. It's just as important that Canadians insulate their own finances.

If you're fortunate enough to have some savings, one way you can start to generate a strong passive-income stream is through high-quality **TSX** dividend stocks.

Building a passive-income stream

Building a passive-income stream is like creating your own CERB payment. Each month or quarter, your TSX dividend stocks will pay you a dividend payment just for owning the stock.

One of the best strategies when looking to build a passive-income stream is in dividend-growth stocks. These are high-quality businesses that have highly reliable dividend payments. Furthermore, over time (often each year), these stocks will increase their dividends. This means that you will continue to see increases in your passive-income stream each year.

On top of that, the money you save going forward, and the income you're receiving from the dividends can be reinvested to increase your passive-income stream further.

Investors who commit to this strategy can see a rapid increase in residual income. This is why it's one of the best strategies for investors buying TSX dividend stocks.

A TSX dividend stock as safe as a CERB payment

One stock for all TSX dividend investors to own is **Fortis** (TSX:FTS)(NYSE:FTS).

Fortis is a utility with a highly regulated business model. This means that it's one of the most defensive stocks you can own.

The stock is acknowledged as being one of the best income stocks on the TSX. So, you could make the argument that its dividend is as safe as a CERB payment.

In fact, not only is its dividend safe, but Fortis has actually increased its dividend for a whopping 47 consecutive years.

The long track record of dividends makes Fortis one of the top stocks on the Canadian Dividend Aristocrats list.

As of Tuesday's close, Fortis stock had a yield of 3.7%. This is exceptionally attractive given the resiliency of the dividend and is the main reason Fortis is a top dividend stock on the TSX.

Bottom line

If you are one of the many Canadians who is still out of work, there is more relief coming with the extension of the CERB. This is great in the short term, while the economy continues to reopen.

Long term, Canadians can create their own passive-income stream through TSX dividend stocks. And if you buy dividend-growth stocks like Fortis, that residual income will continuously increase.

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