



CRA Update: How to Spend Your \$2,000 CERB Extension

Description

In late May, I'd [discussed](#) the prospect of expiring CERB payments for applicants who had received them dating back to the middle of March. There was considerable anxiety surrounding the length of the CERB program. Fortunately, the federal government and the CRA extended the CERB by another eight months in June.

CRA 2020: Why the federal government extended CERB

The COVID-19 pandemic and subsequent lockdowns have wreaked havoc on Canada's economy. Unemployment rates rose to 13.7% in early June, the highest levels seen since the early 1980s. Canadians were under significant financial pressure even before this crisis hit. Now, the federal government is wrestling with sky-high jobless levels and an economy scarred by a pandemic. In these conditions, the pressure had mounted to extend the CERB program.

Can the CERB last forever?

This past week, I'd discussed whether the [CERB could become permanent](#). Recent surveys suggest that Canadians would largely support the idea of a guaranteed income. A permanent CERB could add an interesting dynamic to the investing world. Today, I want to look at how those who benefit from this program can invest their payments this summer.

Why you should use your payments to build permanent passive income

CERB payments have been instrumental in sustaining Canadians who have suffered job losses due to the COVID-19 pandemic. However, the most fortunate applicants may still have cash left over after expenses. Canadians can look to build a permanent passive-income stream by adding stable dividend stocks to their portfolio. Better yet, they can plug these dividend stocks into a Tax-Free Savings

Account (TFSA). Unlike the CERB, any income payments in this account will be entirely tax free.

Emera is a Nova Scotia-based utility. Its shares have dropped 2.2% in 2020 as of close on June 25. However, the stock is up 2.6% year over year. The company released its first-quarter 2020 results on May 13.

Adjusted net income was \$193 million or \$0.79 per share compared to \$224 million or \$0.95 per share in the prior year. However, cash flow increased by \$84 million year over year. Shares of Emera last possessed a favourable price-to-earnings (P/E) ratio of 14 and a price-to-book (P/B) value of 1.5. Emera last paid out a quarterly dividend of \$0.6125 per share, representing a solid 4.6% yield. This is a great dividend stock to spend your excess CERB payments on.

BCE is a top Canadian telecommunications company. Shares of BCE have dropped 2.6% in 2020 so far. The stock has been mostly flat year over year. In Q1 2020, the company reported adjusted EBITDA growth of 1.4% and adjusted net earnings of \$720 million or \$0.80 per share.

Shares of BCE last had a favourable P/E ratio of 17 and a P/B value of 2.7. The stock offers a quarterly dividend of \$0.8325 per share. This represents a strong 5.8% yield. BCE has delivered dividend growth for 11 consecutive years.

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