



8-Week CRA CERB Addition: Can You Get it?

Description

On June 16, the government announced the extension of CERB. For people whose livelihoods have been hit by COVID-19, CERB has been the primary source of income to sustain them through tough times. And even though the economy has started to open up again, it's hard to replace lost jobs and businesses for so many people. And to give them more time to get back on their feet, the government has extended the CERB duration.

This maneuver is going to cost the government an additional \$17.9 billion, according to a budget officer. Some of it might be recovered from the people who received extra or unjustified CERB payments, but it would still put a nice big dent in the government's coffers.

Can you get the CERB?

Yes, but only if you fit the criteria. If you are a 15-year-old or older Canadian citizen, and you stopped working due to the pandemic (or you are eligible for EI benefits, or exhausted your EI benefits between Dec. 2019 and Oct. 2020), and you had an income of at least \$5,000 in the year before you applied for CERB. The last clause is to ensure that you actually worked and intend to work but can't.

You are not eligible if you quit your job voluntarily. If you are receiving EI benefits, you can't receive the CERB payments. If your job is still there, but you can't go to work because you are in quarantine, taking care of someone who is in quarantine, or even if you are taking care of your children or other dependents, because their typical care facility is closed down due to the pandemic, you may receive the CERB payment.

But if you have no intention of working and you are not working, despite available options, you don't technically qualify for CERB. And if you take advantage of that grey area and apply, you will be required to send the unjustly earned CERB payment back. But if CRA decides to penalize individuals who received CERB without being properly eligible and chose free money instead of going back to work, you could be in trouble.

24-week CERB alternative

The total payment you may now receive through CERB is \$12,000. That's \$500 per week for 24 weeks. And while it *is* substantial for many people and has helped them survive through this time of crisis, it's an amount anyone could have easily accumulated if they had saved and invested.

And you don't even need large amounts to invest in building your nest egg. Choose a [safe defensive](#) stock like **Metro** ([TSX:MRU](#)). It's a decent growth stock as well as a Dividend Aristocrat that has increased payouts for 25 consecutive years. Its three-year CAGR is about 10.28%, and at this rate, if you invest just \$100 a month in Metro, you may build a nice little nest egg of about \$36,000 in 14 years. That's three times the total sum you would have received in CERB payouts.

Metro's [dividend-growth](#) rate is also considerable. It increased its payouts by about 60% in the past five years. The payout ratio is very stable at 28.6%, but the yield is weak at 1.62%. Metro has a massive local footprint, with over 950 food stores, mostly in Quebec and Ontario, and 650 drug stores. The company is consistently increasing its revenue and operating income.

Foolish takeaway

Even if you qualify for CERB payment, and you legitimately need it right now, you shouldn't choose the easy way out and become lax about finding paid work. Government handouts are, at the end of the day, handouts. When you get back on your feet, you should rethink your finances, start getting rid of your debt, and start building some equity for yourself.

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