Here’s How Much You Could Earn From Investing the Full $12,000 in CERB Payments

Description

The federal government announced this month that it will be extending the Canada Emergency Response Benefit (CERB) by another two months. The CERB now covers a 24-week period, and that means the maximum an eligible individual can receive will be $12,000. That’s over six monthly installments of $2,000.

It’s a fair bit of money that could generate some decent dividend income for investors. Let’s take a look at how much you could have earned from a $12,000 investment, assuming you had the money available to you right from the start of the year. The purpose of this isn’t to say that you should spend your CERB payments all on stocks but to show how important it is to save and accumulate a decent amount of savings that can help generate long-term growth for your portfolio.

Growth stocks

One of the hottest stocks on the TSX this year has been **Shopify**. Through the first five months of the year, shares of the popular tech stock doubled in value. A $12,000 investment into the stock would’ve earned you an additional $12,000. And if you’d made that investment within a Tax-Free Savings Account (TFSA), those could have been earnings that were also tax-free.

But not all tech stocks have been as impressive this year. Shares of **Amazon** were up 34% over the same period. The same investment there would’ve earned you about $4,080 in capital gains. If you were bullish on self-driving cars, then a $12,000 investment in **Tesla** would’ve outshone Shopify and netted you a profit of nearly $14,000.

Dividend stocks

Investing in growth stocks can be hit or miss. If you were to invest in dividend stocks, however, they could produce some solid stream of income for you, potentially for many years.

Bank stocks are always a great option for dividend investors; they don't involve much risk, so let's start there. Shares of **Canadian Imperial Bank of Commerce** pay a dividend of around 6.2% annually, thanks to the stock tanking due to the COVID-19 pandemic. At that yield, a $12,000 investment would earn you $744 per year in dividend income. That's a recurring and growing dividend that you can count on to help build your portfolio's value over the years.

If you're a bit more impatient and want more frequent payouts, you can opt for a stock like **RioCan Real Estate Investment Trust**. It pays a monthly dividend payment of $0.12 per share. If you'd bought the stock at $16, that would mean you'd be earning an incredible 9% per year in dividends. On a $12,000 investment, you'd be making $1,080 per year, which comes out to monthly payments of $90. That could be enough to help cover a bill payment or two.

Bottom line

A $12,000 investment is by no means a fortune. But the above examples show just how far you can stretch that size of an investment today. If you're collecting CERB, it's a good idea to put aside some of that money, if you can afford to do so, to help build up your savings. And the more you can build your nest egg, the more you can earn from it by investing it wisely, whether via growth stocks or dividend stocks.

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