



Canada Revenue Agency: How CERB Can Make You a Millionaire

Description

Thousands of Canadians are in an enviable position. They're getting CERB payments, despite not really needing the money.

I have no issues with these folks, and neither should anyone reading this. They're simply taking advantage of a government program they qualify for. There's nothing wrong with that.

There's a number of different situations this could entail. Perhaps this CERB recipient is a young person living at home. Maybe their spouse has a good job and their salary was saved anyway. Or maybe they're a soon-to-be retiree with a paid-off house and an ample portfolio.

No matter what the situation, you owe it to yourself to put any unneeded CERB cash to work in an intelligent way. The potential benefits are enormous, especially if you're young. In fact, just \$12,000 in CERB money invested over the long haul can be enough to [make you a millionaire](#).

No, that's not a typo. You read that right. Let's take a closer look at how you can make this happen.

A CERB millionaire

You'll need a few things to go right in order to become a CERB millionaire.

You'll need a long investment horizon, stocks that can return approximately 12% annually, and room in your TFSA, so you don't have to worry about taxes. These three conditions alone will eliminate a lot of people.

But there are still millions of Canadians who could potentially turn their \$12,000 CERB benefits into a nest egg of \$1 million or more. All they need to do is invest the \$12,000 today and hold for 40 years at a 12% annual return. That's enough to get to \$1 million.

Even if you don't earn the magical 12% return needed to elevate yourself to millionaire status, investing your CERB cheques will certainly benefit your future self. \$12,000 invested for 40 years at an 8%

return is still more than a quarter-million dollars. That'll come in handy at some point.

One stock to help you get there

It's silly to put all of your cash in one stock; most investors already know that. But I'd be okay with an investor putting their CERB money in one stock under one important condition: that they already have a diverse portfolio.

If the point is to become a CERB millionaire, then we must be a little aggressive and shoot for higher returns.

One way for investors to judge a stock's potential return going forward is to look at what it has done previously and see whether it can continue to repeat that kind of growth. All you're asking management to do is continue executing, which isn't an unreasonable thing.

One stock I think can continue its excellent performance is **Mainstreet Equity** ([TSX:MEQ](#)), a real estate company that owns smaller apartment blocks in various Western Canadian markets. The majority of the portfolio is focused on Calgary and Edmonton, but it also has holdings in Saskatchewan and British Columbia.

The business plan is as simple as it is powerful. [Mainstreet](#) buys apartment buildings that need a little bit of TLC. It fixes up these properties and then refinances them. The cash pulled out is then used as a down payment for additional property.

This simple business has generated some outstanding returns. Over the last 20 years, Mainstreet has delivered returns of 1,788.89%, which translates into a 15.75% compounded annual gain. That's enough to turn an initial \$10,000 investment into something worth \$188,870. It's been an excellent long-term hold.

There's no guarantee Mainstreet will earn equivalent returns going forward, of course. But I like CEO Bob Dhillon and his team's chances. All the company needs to do is replicate its business plan in other markets. Expanding into places like Winnipeg or pushing further into British Columbia look to be great places to start.

Mainstreet also doesn't pay a dividend — a move that keeps cash inside the company for quicker expansion. This should also help fuel growth going forward.

The bottom line

If you invest any unneeded CERB payments smartly — like in Mainstreet Equity shares — you could very well turn free government cash into something worth seven figures. Your future self will thank you.

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