CRA Warning: CERB Is Ending, But This $12,000 Is Permanent!

Description

There have been a number of recent updates from the Canada Revenue Agency (CRA) regarding the Canadian Emergency Response Benefit (CERB). Unfortunately, not all of them have been positive. On the one hand, there was an increase in jobs, a relaxation of restrictions, and the extension of the CERB. Now, some Canadians are eligible for up to $12,000, with the CERB extended another two months.

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But there was another update that quietly came up in June. Some people are seeing cuts to the CRA's CERB payments. In fact, some people might even be told by the government they won't be receiving any more payments. There are a number of reasons for these cuts, but what's important is that there is something you can do about it.

Granted, if you are eligible for the full $12,000 and are in need of that money, you should rightly take advantage of it. But even if you are eligible, now is a great time to invest and start bringing in passive income. That income will last far beyond this year alone.

Creating cash

First off, let's imagine you are one of the hardest-hit generations of this economic crisis. Millennials have debts to pay, houses to buy, kids to entertain, and job loss that has sky rocketed. But while it's hard for millennials, luckily, this generation has also learned how to save. On average, millennials were found to have about $26,475 saved.

Let's start out saying you have about $25,000 that you can put into an investment. If that investment involves dividends, then you can snowball that original investment into something huge. Add onto that regular contributions, and you'll have a fortune in a short number of years.

For example, if you make the average salary of a millennial of around $45,000 per year, after tax you should be able to afford to put away $100 of your pay cheque bi-weekly. Over time, that all adds up. That's $2,600 you can put towards your investment each year.

Based on just your investment alone, if you imagine that you'll see a conservative increase of around 8% each year, you can turn that $25,000 into a fortune in 20 years. By adding that additional $100 bi-weekly, in 20 years you would have $206,875.49!

But wait, there's more

Right now, there is an opportunity to buy incredible dividend stocks on the cheap. The biggest opportunity is with real estate. While real estate may be down now, if you choose wisely, your investment could soar in the next two decades. But even if we assume that conservative growth, you can use real estate investment trusts (REITs) for the dividend income.

One of the best to buy right now is **RioCan REIT** (TSX:REI.UN). The REIT is the second largest in Canada, with a dividend yield of 9.47% as of writing. While the dividend hasn't grown all that much in the last decade, it hasn't shrunk either, even during the downturn. That makes it a solid dividend stock for future investment.

The REIT already had a major overhaul, selling $2 billion worth of assets in 2019 to focus on the large six urban centres in Canada. That's cash sorely needed to cover its losses, meaning the REIT should bounce back even before its peers.

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If you were to invest today, in 20 years you could be receiving up to $19,859.04 in dividend income *alone* from this stock. That's way more than the CRA's $12,000, without interest, and without reinvesting your dividends.

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2020/07/02
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