



Attention Students: The CRA Can Give You up to \$7,000 in Monthly Benefits

Description

These are tough times for everyone. The income has reduced, universities are closed, many have lost their jobs, and many have taken pay cuts. The Canada Revenue Agency (CRA) has made every possible effort to help individuals overcome the COVID-19 crisis. It has provided benefit payments for all age groups from students to working professionals to retirees to families with children.

If you are a student or have recently graduated high school or post-secondary school, you can get up to \$7,000 in monthly benefits from the CRA. You can also delay your student loan payments until September 30 without accruing interest.

The CRA benefits for students

In April, Prime Minister Justin Trudeau announced the [Canada Emergency Student Benefit](#) (CESB) to help students who are unable to work because they fell sick, are quarantined, or are caring for others. The benefit also extends to students who lost their job, are unable to find work, or have a job that is fetching them less than \$1,000 a month.

If you are earning up to \$1,000 per month, you can apply for the CESB and get \$1,250 in benefit payment. Your CESB payment can go up to \$2,000 if you have dependents or a disability. If you volunteer for national service, you can earn up to \$5,000. All this adds up to \$8,000 per month, which is sufficient to fund your living expense and even build some savings for the future, as the CESB won't last long.

The CESB is taxable

The benefits the CRA is giving you now will be taxed in the 2020 tax year. When you file your income tax return in April 2021, the CESB payment will be added to your taxable income. You can leverage this time and earn the tax amount due next year by investing some portion of the \$8,000 in dividend stocks.

You still have two months before your CESB ends. If you manage to save \$3,000 from your CRA benefits every month, buy dividend stocks through your Tax-Free Savings Account (TFSA). You can use the dividend money to pay the tax amount.

RioCan REIT

A good dividend stock is **RioCan REIT** ([TSX:REI.UN](#)), which has a 9.52% dividend yield. The stock is down 42% year to date and is currently trading at its March low of around \$15. The stock is down over concerns that the REIT, which has exposure to retail stores, will not be able to collect its rent and will be forced to cut its dividends. In April, it collected 55% of its expected rent. The REIT did not reduce its dividend payments during the peak of the lockdown. As the retail stores re-open and business picks up, it could see a surge in rent collection.

If the economy recovers later this year, RioCan stock could return to its average trading price of \$24. This represents 73% upside from its current trading price. In the best-case scenario, your \$3,000 investment in RioCan can earn you \$2,500 in a year: \$285 in dividends and \$2,200 in capital appreciation.

Technology ETF

Being a student, you have a long investment horizon. Early investment can help you retire early and rich. Warren Buffett started investing at the age of 12. It's not too late. You can also catch up to Buffett by investing in [high-growth technology stocks](#). The **iShares S&P/TSX Capped Information Technology Index ETF** gives you exposure to the top technology stocks with immense growth potential. It gives you exposure to stocks like **Shopify** and **Constellation Software**, the biggest beneficiaries of the pandemic.

The ETF has grown more than 50% in a year and 240% in five years. Excluding the effect of the pandemic, the ETF has increased by 25% and 175%, respectively. If you invest \$3,000 in this ETF, your money can grow by \$750 in a year and \$5,000 in five years.

Become a smart investor

The CESB payments might tempt you to spend more. But there could be consequences if you still struggle to find a job after August. A little patience and smart investing can help you preserve this cash when the benefit expires. It can also help you repay your debt faster and save for the future.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Coronavirus
2. Investing
3. Tech Stocks

Date

2025/07/03

Date Created

2020/07/08

Author

pujatayal

default watermark

default watermark