



## Alert: It's Time to Go Back to Work Before the CRA Pulls Support

### Description

The Canada Revenue Agency (CRA) was one of the busiest offices addressing the millions of applications it received from citizens claiming the COVID-19 benefits and grants. These benefits helped you pay for living expenses while you were out of a job. But it's time for you to go back to work and re-start the economy.

The government is calculating the cost of its response program to help Canadians fight the COVID-19 crisis. Prime Minister Justin Trudeau said that government aid was necessary, as the cost of doing nothing would have been worst.

## Canada's deficit to soar more than 1,000%

The initial projections show that Canada's deficit for the 2020/2021 fiscal year will rise to \$343 billion, more than 1,000% higher than the last autumn's estimate of \$28.1 billion. The increased deficit includes [more than \\$300 billion the government spent](#) on the COVID-19 Economic Response Plan.

The government expects to take on \$1.2 trillion in debt to fund the response plan. Canadian Chamber of Commerce's president and CEO Perrin Beatty said, "It is now time for Canada to transition from a subsidy-based crisis response toward restoring economic growth and getting Canadians safely back to work."

## It's time to go back to work

The CRA benefits will end in fewer than 60 days. The Canada Emergency Response Benefit (CERB) payments will end, and so will your loan and rent deferrals. In September, your e-mail will be flooded with bills.

It's time you return to work or accelerate your job search, as it will take you some time to find a job. There are more job seekers than job providers. Around 5.5 million Canadians were hit by job cuts or reduced working hours in March and April. The government expects the unemployment rate to remain

about 10% for the rest of the year.

You still have two months of Canada Emergency Response Benefit (CERB) payments coming in. Its better you invest it in safe dividend stocks to earn some passive income before your active income starts.

## Your passive income can help when you are out of work

If you've been working for over three years and adopted a disciplined savings approach, by now, you would have a decent amount of emergency funds up your sleeve. For instance, if you invest \$5,000 every year in your Tax-Free Savings Account (TFSA), your invested amount would be \$15,000. All you need to do is set aside \$100 in your TFSA every week.

You can make your savings earn for you by investing them in the stock market. If you had invested \$5,000 every year in **RioCan REIT** (TSX:REI:UN), that fetches an average dividend yield of 5.5%, you would have earned over \$1,650 in tax-free dividend income in three years.

It's not too late to start your passive income. RioCan stock is currently down over 40% from its average trading price of over \$25. Its reduced stock price has increased its dividend yield to 9.6%.

If you start saving \$100 every week, you can earn a higher dividend income. RioCan is like a landlord to many large retailers. It owns stores at prime locations and makes money through rent and sale of properties. It uses this money to give dividends to its shareholders and buy and maintain their properties.

## Diversify your investments

Like RioCan, there are other good REIT stocks that have exposure to different types of properties. One such stock is **Brookfield Infrastructure**, which has a diversified portfolio of properties ranging from electricity transmission lines, rail operations, toll roads, ports, and data centers.

These assets generate cash flows in the long term irrespective of the economic condition. Even Warren Buffett is investing in resilient and defensive infrastructure stocks. He recently [spent US\\$9.7 billion to buy Dominion Energy's](#) natural gas transmission and storage assets.

The \$2,000 in monthly CERB payment will vanish in 60 days, but your savings will grow with you. If you stay disciplined and invest \$100 every week, your savings will compound your passive income to \$500, then \$1,000, then \$2,000 every month. Before the next crisis, you will earn more in passive income than what a CERB equivalent will offer.

### CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

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

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## **Author**

pujatayal

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