



CRA Update: CERB Is Ending in September. Prepare Now

Description

The Canada Emergency Relief Benefit (CERB) is ending soon. Finance Minister Bill Morneau indicated this during the recent fiscal snapshot delivered by the government. In other words, millions of Canadians must now prepare to wean themselves off the popular CERB program.

According to Statistics Canada, CERB has over 8.16 million applicants and has cost the government a total of \$53.53 billion thus far. The government is ending the program to save costs and also encourage people to start looking for work as the economy reopens. For millions of Canadians, this means they have only a few weeks left to collect support benefits.

Saving some cash and deploying it in the right places could secure your future, even when the CERB program ends. Here's how.

Save a portion of CERB

The maximum amount any CERB applicant can claim is \$8,000. This amount should have been plenty to cover expenses over the past few months. Savvy savers who set even 10% aside each bi-weekly payment should now have \$800 saved up. Even if you start saving a portion of your CERB payments going forward, you can collect \$800 in a few weeks.

By itself, \$800 isn't much. In most parts of the country, that would barely cover a month's rent or two months' worth of groceries. However, investing this amount in the right stocks could help you create a stable and expanding stream of passive income. Think of it as a mini-CERB you've created yourself.

Invest in robust stocks

It's difficult to pick stocks, especially with the economic crisis we now face. However, some companies have stood the test of time and performed better than expected, despite the pandemic and lockdown.

Utility giant **Fortis**, for example, has barely lost any value. The stock is down a mere 5% year to date, while the dividend yield remains high at 3.74%. Meanwhile, the stock price has appreciated 7% compounded every year for the past decade.

If Fortis delivers similar gains and dividends over the next 10 years, a \$800 investment could turn into \$1,633 by 2030. If you top up your savings by just \$200 every year, the investment could be worth \$4,432 by 2030.

Robust stocks like Fortis should provide you a financial cushion over the long term. However, if you're trying to create wealth, you might want to look into growth stocks instead of income stocks.

Growth stocks

Growth stocks could help you reach your goals much faster. **Constellation Software**, for example, has delivered a 40-fold return since 2010. The [enterprise software giant](#) acquires and integrates smaller companies to drive expansion. A similar result over the next 10 years could turn your \$800 investment into \$32,000 by 2030.

In other words, saving just 10% of your CERB payments and deploying it in the right stock could help you accumulate enough capital to make a downpayment on a house within 10 years. That's the power of compounding wealth through savvy investments.

Bottom line

The wildly popular CERB program is, unfortunately, coming to an end. However, if you save even a few hundred dollars of CERB payments and make the right investments, it could alter your financial situation forever. Good luck, and stay safe!

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Date

2025/07/26

Date Created

2020/07/12

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