



The CRA Benefits, Credits, and Support Could Add up to \$26,200 for Families

Description

The Canada Revenue Agency (CRA) has spent trillions of dollars in COVID-19 benefits, which it is distributing under various plans and subsidies. Some of its biggest plans are the [Canada Emergency Response Benefit](#) (CERB) and Canada Emergency Student Benefit (CESB), which offer monthly payments for your living expense.

If you are a family of four — two adults and two kids — you can get up to \$26,200 in the COVID-19 benefits, credits, and financial support in the 24 weeks ending August 29.

The CRA benefits for your family

The CRA has launched several benefits to help families where the breadwinners lost their jobs or suffered through pay cuts. It has also offered a one-time bonus to help families. I will explain the benefits with an example of a mid-income family of James, Anna, and their two kids under 18. They are eligible to receive the CRA benefits between March 15 and August 29.

James runs a restaurant and is currently out of work due to the lockdown. He is getting some takeaway orders, which is fetching him around \$1,000 a month. The CRA will pay James a CERB payment of up to \$2,000 per month to a maximum of \$12,000. This amount will be added to his taxable income in the 2020 tax year.

Anna is a university student pursuing her master's program but the lockdown left her jobless. The CRA will pay her up to \$2,000 a month under the CESB. Anna can also volunteer to work with a not-for-profit organization that is working for the COVID-19 response, and earn up to \$5,000 for 500 work hours under the [Canada Student Service Grant](#) (CSSG). Both amounts will be added to her taxable income in the 2020 tax year.

In addition to the above benefits, the CRA credited a one-time Goods and Services Tax (GST) Credit of up to \$600 for the couple on April 9. It also paid an additional one-time bonus of \$300 in the Canada Child Benefit (CCB) for each child. These one-time payments add up to \$1,200 for James, Anna, and their two children and are exempt from taxes.

All four amounts add up to \$26,200. This amount excludes the impact of taxes and the \$6,000 James earned from the takeaway orders.

The CRA COVID-19 benefits are temporary

The CRA benefit days will be over in less than two months. Life will return to normal if Canada succeeds in avoiding the second wave of coronavirus. When you return to the post-pandemic economy, things will be different.

James may not see his restaurant flooded with customers, as people might be reluctant to eat out over fears of falling prey to the coronavirus. Nobody knows what type of economy they will walk into. Many economists warn of a looming recession.

Prepare for a recession

You cannot control the economy, but what you can do is prepare for a recession. If you have been working for the last five years and set aside \$100 every week in your Tax-Free Savings Account (TFSA), you would have saved \$26,000. And if you invested this money in an investment that gives you a 10% annual return, your total savings would be \$30,500.

Beat the recession with utility stocks

When preparing for an emergency, invest your money in recession-proof stocks like utilities. The **iShares S&P/TSX Capped Utilities Index ETF (TSX:XUT)** gives you exposure to Canada's top utility stocks like **Fortis** and **Brookfield Infrastructure Partners**. Investment juggernauts like Warren Buffett and Prem Watsa have also [invested a major chunk of their portfolio in utilities](#).

The thing about utilities is that there is little competition and ever-existing demand. The government controls the electricity prices, which allows utilities to earn a profit. Utility stocks also pay good and stable dividends.

The XUT ETF has increased 26% in three years and 60% in five years, with very brief periods of declines. It will continue to grow steadily in the long term. If you invest the \$30,000 you saved in the last five years in XUT, it could rise to \$48,000 in the next five years. By the next recession, your TFSA will earn you \$4,000 per month for an entire year.

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