



CRA 2020: 2 Ways to Generate Income When CERB Runs Out

Description

This momentous year has spurred on many societal changes. Some of them may be permanent, while others are sure to be temporary. There is still considerable debate over what category the Canada Emergency Response Benefit (CERB) program will fall into. In late June, I'd discussed whether the [CERB could be reconstructed](#) into a permanent fixture. A recent survey suggested that most Canadians would support some sort of guaranteed income program to supplement citizens in the lowest income bracket.

CRA: The last days of the CERB program

Debates and speculation aside, currently the CERB program is set to expire for all Canadians by the beginning of October 2020. This week, I'd discussed why CERB recipients should already be looking into how much they could [owe on their taxes in 2021](#). The end of the CERB program will also bring uncertainty for many Canadians in this difficult economic environment.

Instead of lamenting the end of the CERB, recipients should start thinking about how to generate income in the months ahead.

CERB expiring? Consider Employment Insurance

Canada added 950,000 jobs in June, according to Statistics Canada. This beat expectations, but many Canadians are still out of work in the first weeks of summer. The economic reopening will lead to a return to work for many citizens. However, there are many who will be left behind in a devastated economic landscape.

For those who can no longer rely on the CERB, there is Employment Insurance (EI). Applicants should remember that they cannot double-dip CERB and EI. You are entitled to EI if you were employed with insurance employment, lost your job through no fault of your own, and have been without work and without pay for at least seven consecutive days in the last 52 weeks. Those who wish to apply for EI should consult the CRA website to brush up on the rest of the eligibility criteria.

Build a passive-income stream

I probably sound like a broken record at this point. I can't stress enough how helpful a passive-income stream is for investors. The CERB has been a game-changer for many Canadians who have seen their employment jeopardized by the COVID-19 pandemic. However, investors can feasibly construct a passive-income stream and pay no tax on it in a Tax-Free Savings Account (TFSA).

Shaw Communications ([TSX:SJR.B](#))([NYSE:SJR](#)) is one stock I'd love to hold in a TFSA for its stability and income. Shares of Shaw have climbed 6.7% over the past three months as of close on July 14. The stock last had a price-to-earnings ratio of 17 and a price-to-book value of 1.9. This puts Shaw in solid value territory.

The company last paid out a monthly dividend of \$0.09875 per share. This represents a solid 4.9% yield. A \$2,000 investment in Shaw, which represents one monthly CERB payment, would net a TFSA investor nearly \$100 annually in tax-free income. Naturally, this income stream can grow substantially larger with consistent contributions to a TFSA.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

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Date

2025/08/28

Date Created

2020/07/15

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