



## CERB Applicants: Prepare for HUGE Cuts

### Description

The Canada Emergency Response Benefit (CERB) has been a lifesaver for many. Prime Minister Justin Trudeau was applauded for getting cash into the hands of Canadians as quickly as possible with the spread of COVID-19 hitting Canada. Many people were forced out of employment, or into far less than was reasonable. So \$8,000 every 16 weeks was enormous for those that needed it.

But after four payments of CERB and a recent extension, the chickens are coming home to roost. And there are some massive eggs about to hatch. To date, CERB paid out \$54.8 billion to 8.25 million applicants. That's more than 40% of the labour force receiving at least one payment from the benefit. So with more and more criticism coming in, what now?

### Permanent payments?

There has been [some speculation](#) that these CERB payments could become permanent, giving people affected by COVID-19 the cash they need to stay afloat. This would become more like a universal basic income, something already under consideration in Canada. It would mean that no Canadian would suffer from financial instability.

But is this likely? In short: no. Not right now at least. During the latest update on the economy, Trudeau announced that Canada had reached a deficit of \$343 billion as spending reach levels not witnessed since the Second World War. So it's no surprise that the federal government denies it will take on a universal basic income that could cost \$80 billion each year.

A universal basic income could also create more of the problem we see today, with the jobless rate climbing higher and increased labour shortages. There are now fines if the government can prove you don't need CERB, but what else could be next to stop this trend?

### The CERB wean

It's unlikely that CERB will just suddenly be unavailable. People are still dependent on the program —

and are likely to be for even years to come. But there *are* ways to get people back to work, and not just from fines. Businesses sure are willing, but many staff members aren't as willing to get back to work.

In a recent survey, 17% of companies stated the inability to reopen because of staffing issues, with a fully 50% unable to convince them to work the hours needed.

One idea is to increase wage subsidies and make it harder for Canadians to decide not to work — if it *is* a decision — and therefore receive CERB. One such example is Germany, where employers can reduce hours and cover worker pay cheques through a top-up program. Germany now has unemployment of just 6.3% compared to Canada's post-war record of 13.7%.

## Bottom line

The takeaway here is that cuts are coming, and you'll likely need two things when it does: a job and other income. If you do have to work fewer hours, then having passive income is what you should look into right now.

A great choice would be **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). As one of Canada's Big Six Banks, it's set to rebound quickly after this economic downturn. But it also has the [highest dividend](#) yield of the banks at 6.48%.

CIBC doesn't just have the assets to cover the downturn, it even increased its dividend during the downturn. If you have \$20,000 sitting in savings, put it into a TFSA and invest in CIBC. Those savings would bring in \$1,267.28 as of writing each year.

While it's not the \$2,000 you'll receive each month like CERB, it's unlimited, permanent income you can bring in for life.

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alegatewolfe

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