



CERB Extended: You Can Get 2 More Months and an Extra \$4,000

Description

The total dollar value of the Canada Emergency Response Benefit (CERB) as of July 5, 2020, is \$54.79 billion. Around 19.02 million applications were processed, and the payments came from either Service Canada or the Canada Revenue Agency (CRA).

On June 16, 2020, Canadian Prime Minister Justin Trudeau announced a program extension. Claimants will get an extra \$4,000 [financial relief for two more months](#). In consonance with the CERB extension, Trudeau announced on July 13, 2020, the extension of the Canada Emergency Wage Subsidy (CEWS) until December 2020.

More take-up

CERB is the pillar and the heart of Canada's COVID-19 Response Plan. The budget for the program is increasing compared with CEWS as the tax benefit's take-up is more than the subsidized wages. Hopefully, people will shift from CERB to CEWS as lockdown measures ease and companies reopen.

CERB payments are substantial, especially with the additional \$4,000. The total taxable benefit is now \$12,000 and the [budget can shoot up](#) to around \$80 billion with the program extension.

Avoiding government support

Dividend investing is one way to get off the federal government support and receive a more permanent payment. You're supposed to use the \$12,000 CERB to spend on necessities during the pandemic and nothing else. The point here is that if you have the same amount of available cash, you can make money work for you.

A \$12,000 investment in a high-yield stock like **Laurentian Bank of Canada** ([TSX:LB](#)) can generate a passive income of \$699.60. At \$28.27 per share, this \$1.21 billion regional bank stock is yielding 5.83%. Income investors hold Laurentian in their stock portfolios for the dividends.

Laurentian Bank reported a net income of \$8.9 million in Q2 fiscal 2020 (quarter ended April 30, 2020), although the earnings are 79% lower than in Q2 fiscal 2019. Like its bigger industry peers, the higher provision for credit losses has a profound impact on income. The total provision for credit losses stands at \$54.9 million.

Management is in the fifth year of its seven-year plan to achieve the bank's strategic objectives. Laurentian is aiming to build a stronger foundation, invest in profitable growth, and improve financial performance. The primary focus is to upgrade customer-facing technology.

The bank is working overtime develop a fully digital experience. Hopefully, by mid-2021, new bank clients will be onboard digitally. The migration of all personal banking accounts to the digital platform should be complete by year-end 2021.

Conclusion

Unemployed Canadians will have a lifeline for another two months. The CERB extension is a welcome relief, but Canadians must remain thoughtful of each other and the greater good. People must actively seek work to unburden the economy somehow.

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