



Building a Passive Income After CERB?

Description

The federal government's announcement of the \$2,000 per month emergency fund called the Canada Emergency Response Benefit (CERB) to help Canadians who lost income due to COVID-19. According to the program, eligible Canadians can apply for, and receive \$500 per week for up to 16 weeks to compensate them for lost income.

With a decent degree of control over the spread of the coronavirus, several provinces and territories across Canada have started to reopen their economies. This can add hundreds of thousands of jobs for out-of-work Canadians to leverage, so they do not need to rely on CERB.

However, the government realized that millions of Canadians lost their jobs, and a sizable portion may still require aid. That is why Prime Minister Justin Trudeau announced an [extension of eight weeks](#) for those who still qualify for the benefit.

Encouraging people to return to work

While the CERB has been monumental in helping Canadians through these challenging times, some believe that the emergency fund is counterproductive. According to *BNN*, the CEO of Dream Office Real Estate Investment Trust, Michael Cooper, believes that Canadians have become too dependent on financial aid during the pandemic.

He believes that the government should focus on encouraging people to return to work. Receiving \$2,000 per month without doing anything is a lot better than going back to work. He believes that this is a moral hazard, and people are getting too used to receiving the CERB.

Finance Minister Bill Morneau announced that the government expects to run a budget deficit of \$343.2 billion on account of the massive spending to counteract the impact of COVID-19 on the economy. Between the CERB and the Canada Emergency Wage Subsidy (CEWS) programs, the direct support to businesses and households will be north of \$212 billion this year.

Earning without CERB

I don't agree with Michael Cooper that Canadians will lose all of their work ethic and be too lazy to go back to work once things are back to normal. Canadians are a proud and resilient group. I'm sure that the majority of us have been itching to go back to work and earn a proper living.

In any case, CERB won't last forever, and it's better to find other income sources in case something like this happens again in the future.

One ideal way to create a passive income source is through a Tax-Free Savings Account (TFSA) portfolio of dividend-paying stocks.

Passive income through dividends

Any assets you store in your TFSA can grow in the account without making you worry about paying any income taxes on your earnings. This means you can leverage capital gains and dividend income through your TFSA dividend-income portfolio for passive income to keep on growing without worrying about expiration dates or eligibility issues.

Building a portfolio to gain healthy dividend income takes time. You need to pick high-quality stocks that pay reliable dividends despite market volatility like **Fortis Inc.** ([TSX:FTS](#))([NYSE:FTS](#)) to build such a portfolio.

Fortis is a stock that belongs in every portfolio. The company earns a stable income, it pays a fantastic dividend, and it is always growing. Fortis is a utility company, making it a recession-proof stock to park your money while the rest of the market suffers from volatility. The demand for Fortis' services is not going anywhere despite the economic environment.

Foolish takeaway

CERB will come to an end. If you want to continue making a passive income that does not come with an expiry date or [paying back the money](#), I suggest building a dividend-income portfolio in your TFSA.

Fortis Inc. could be the ideal stock to begin creating such a portfolio.

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