



\$2,000 CERB or EI: Which Should You Choose?

Description

The Canada Emergency Response Benefit (CERB) and Employment Insurance (EI) are the widely used benefit programs since the outbreak of the novel coronavirus. Still, many people ask, “Should I choose the \$2,000 CERB or EI?”

Panic-stricken Canadians applied for EI and CERB during the mad rush in March 2020. However, the general rule is that you can't be receiving CERB and EI at the same time. So in actuality, it's not a toss-up between the two. It depends on your circumstance and [qualification](#). Let us go over the application procedures to clear the air.

Filing procedure

CERB came about following the unprecedented increase in EI benefit applications. To contain the flooding in the system, the federal government introduced a new measure. CERB provides financial relief to workers whether you're eligible for EI or not. It assumes you lost your job, are sick, under quarantine, or taking care of someone who is sick with COVID-19.

The proper filing procedure is this: Apply for CERB through the Canada Revenue Agency (CRA) if you are not EI eligible or through Service Canada if you *are* EI eligible. You can't apply to both.

Originally, CERB is a \$2,000 taxable benefit the CRA pays out every four weeks for up to 16 weeks. With the [program extension](#) in June 2020, CERB payments are up to 24 weeks now. The maximum amount bumps up from \$8,000 to \$12,000.

Automatic enrollment

Canadians who became eligible for EI before March 15, 2020, will receive EI (maximum benefit of \$573 weekly). Those who became eligible for EI on or after March 15, 2020, are automatically enrolled in the CERB. EI-eligible workers will still qualify for their usual benefits after CERB expires.

Similarly, people who were already receiving EI will continue to do so and need not apply for CERB. However, if your EI benefits expire before October 2020, you can switch to CERB, provided you remain jobless due to COVID-19. You also qualify for CERB if you exhaust your EI benefits at the start of the calendar year.

More financial relief

You can have more assistance apart from CERB or EI if you have investment income. Had you been dividend investing, you can navigate the health crisis better and avoid financial dislocation. The earnings can match the CERB payments or add to them, depending on the investment amount.

A formidable financial institution like **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) can provide a steady income stream. More importantly, the payouts are permanent, unlike CERB. This bank stock pays a 5.12% dividend. Assuming you buy \$40,000 worth of shares today, you can generate a quarterly income of \$512.

The power of compounding will also come into play. In 20 years, your money will be worth \$108,584.30. TD has a dividend track record of 163 years, which indicates reliability. This banking giant is well-regarded by dividend investors not only in Canada but also in the U.S. The stock price is 12.18% cheaper than it was in the year-end 2019.

No fishing

Applying for CERB or EI is not a fishing expedition. The rules are clear, so apply for financial relief where applicable. Remember that you must file one application only, either through Service Canada or the CRA.

More importantly, you can't receive both during the same period.

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