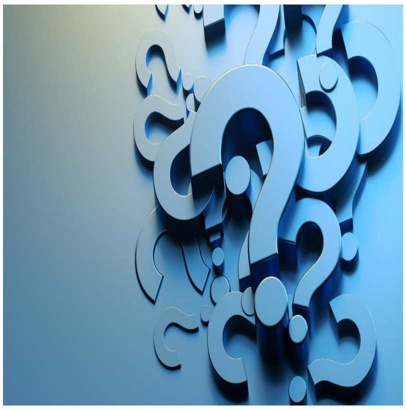

CERB: Does It Really Make a Difference?

Description

The country may be opening up, but Canadians still have mixed feelings. Literally. Opinions vary across the country about opening up again. And with further waves of the pandemic likely in the future, it's no wonder. In Western and Eastern Canada, most Canadians are fine with things reopening.

But Ontario is another story. Most Ontarians aren't as happy, and claim they will stay home, avoid crowds, and spend less than their fellow Canadians. But it's not just worry between provinces that's varied.

One huge factor that's affecting the economy today is already existing gaps. Those gaps are the young and the old, the haves and have nots (not just rich and poor), and those living in urban versus rural areas.

For instance, if you're making around the average salary, it's likely you were either laid off or furloughed during the pandemic. It's also likely that your job isn't coming back any time soon. That means you're also likely on Canadian Emergency Response Benefit (CERB).

Cash not going to Canada

While many believed that those using CERB would then try to use this income stream to make more money, it really wasn't the case. Of those on CERB, most spent the cash on healthcare, home improvement, and spending less overall on things like retail items. In fact, about half of those on CERB were spending less overall than those who weren't.

So, if the government's goal was to push Canadians to keep spending during the downturn, it didn't work. If the goal was also to keep Canadians afloat until their jobs came back, again it didn't work. The government created the Canadian Emergency Wage Subsidy (CEWS) to help employers bring people back to work. But, again, no such luck.

Most Canadians decided to skip work and stay on CERB fearing for their health and more closuresafter another outbreak.

Then there's the problem with the program's future changes. There has already been talk of fines for those using CERB the wrong way, or flat out lying about it. Yet the government has already started notifying those on the program that they wouldn't receive any more cheques after looking into their finances. That also means you could start owing the government all the money you were just given.

What to do?

The future of CERB is now up in the air. There are still many Canadians who need this benefit moving forward in the next year or so. However, if there's any chance you don't need it, it's time to get out while you can. Should the government decide you didn't need the cash as badly as it thought, you could receive fines and owe all that money back.

Instead, see if you can put even a little cash towards a dividend stock. Most Canadians have some savings set aside, so instead of leaving it in an account, consider a Tax-Free Savings Account (TFSA). This account will allow you to keep your cash safe, with any gains brought in tax free.

Right now, Canadian banks are great bets if you can buy and hold long term. For the best dividend, I would go with **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM).

The bank has the highest dividend yield of the Big Six Banks and is a solid long-term hold for investors. Even with an economic downturn continuing, you shouldn't worry. The stock will rebound just as it did during the last downturn, which could be in a year's time. Meanwhile, you can take advantage of a 6.22% dividend yield.

Let's say you have $20,000 to put toward the stock, that's $1249.76 in dividend income each and every year. Meanwhile, within a year your shares could be back at pre-crash prices. That's an increase of $4,610 as of writing.

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