Canada Revenue Agency: How to Get $1,200 Per Month After CERB Ends

Description

The government recently extended the Canada Emergency Response Benefit (CERB). Canadians want to know where they can get extra funds once the CRA ends the CERB program.

Canada Revenue Agency CERB

Canada launched the CERB program to help Canadians get through the pandemic lockdowns.

CERB originally ran for five periods, but is now available for a total of seven. Each period consists of four weeks that provide $500 per week. Eligible Canadians originally received $2,000 per period for a maximum of four periods, or 16 weeks. That is now expanded to six periods out of seven for a total of 24 weeks.

The CERB payments don't automatically renew after each payment period. Canadians must determine their eligibility for each period and apply separately to receive the additional benefits.

CERB dates

The first phase of CERB covered five periods of four weeks running from March 15 to August 1, 2020. In June the CRA announced an eight-week extension. The additional two periods push the CERB eligibility deadline to September 26, 2020.

Under the expanded CERB program, eligible recipients can collect a maximum CERB total of $12,000.

CERB CRA rules

The CRA allows you to earn some income while receiving CERB. However, restrictions are in place and you might have to repay the full $2,000 for the period, depending on how much money you make.

Once a person has received CERB for the maximum of six periods, they are no longer eligible to receive CERB from the CRA.

Getting more money

CERB is scheduled to end in September. Canadians now want to know how they can get another steady stream of passive income.

One option involves using the Tax-Free Savings Account (TFSA) to hold top dividend stocks. CERB is a taxable benefit. TFSA earnings, however, are beyond the reach of the CRA. That's right: all the dividend income earned on stocks held inside the TFSA goes right into your pocket.

The best stocks to buy normally have long track records of paying reliable dividends that increase at a regular pace. Many of the top Canadian dividend stocks now trade at very attractive prices, so it is a good time to begin a TFSA income portfolio.

TD Bank (TSX:TD) (NYSE:TD) is a good example to consider for a TFSA fund. The stock trades near $59 per share right now, compared to $75 in February and offers a dividend yield of 5.35%.

The company is a giant in the Canadian banking sector and also has an extensive business through the United States. While TD will take a hit this year on loan losses due to defaults caused by the pandemic, the bank remains very profitable. In fact, TD reported adjusted earnings of $1.6 billion for the three months ended April 30, 2020.

The bank has survived every major economic crisis over the past 165 years. Investors who buy TD when the stock price falls tend to do very well over the long term.

A single $10,000 investment in TD stock just 25 years ago would be worth more than $270,000 today with the dividends reinvested.

The current 5.35% dividend yield on the $270,000 now produces $14,445 per year in income. That's $1,200 per month coming from an initial investment of just $10,000!

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