



Will Justin Trudeau Will Extend CERB Beyond September?

Description

Canadians breathed a sigh of relief on June 16, when Prime Minister Justin Trudeau [extended](#) the Canada Emergency Response Benefit (CERB) by eight weeks until September. This extension came as a surprise as Canadians feared that the government will stop the benefit due to concerns of fraudulent claims. The government is discussing the next step to help the economy regain momentum.

One question's answer which many Canadians seek is will Trudeau extend the CERB beyond September? The answer depends on various factors.

Can the CRA extend the CERB beyond September?

Back in June, the Canada Revenue Agency (CRA) extended the CERB because the restart of the economy was uneven across the country and sectors. In June, public health restrictions were substantially eased in most parts of the country, except in certain areas of southwestern Ontario, including Toronto.

Many industries re-opened, but airlines announced massive job cuts. The CRA extended the CERB payments for these demographics.

As the economy reopens, Canada's unemployment rate fell from 13.7% in May to 12.3% in June. According to the Ipsos poll, most Canadians in the age group of 18-54 want the government to extend the CERB till the unemployment rate remains high. The government can't suddenly pull out the relief package as that would have a major setback on the market.

The conservatives have proposed to gradually phase out the CERB as people return to work. For every dollar earned above \$1,000, an individual's CERB would reduce by \$0.50. Hence, a person earning \$2,000 a month will get \$1,500 in CERB payment.

Whether or not the CRA extends the CERB also depends on the possibility of the second wave of the pandemic and its impact on the economy.

CERB is temporary

Remember that CERB payments are temporary. The CRA is paying out these benefits from taxpayers' money, which is adding up to the country's fiscal deficit. The COVID-19 Economic Response Plan is estimated to increase Canada's 2020/2021 [fiscal year deficit](#) by more than 1,000% to \$343 billion, from the last autumn's estimate of \$28.1 billion.

At this rate, the Canadian government can't pay you CERB for a longer term. Hence, you should have a backup CERB of your own, which will help you when you are out of work.

Always have a backup plan

If you have not yet started saving, start now by opening a Tax-Free Savings Account (TFSA). This account helps your investment grow tax-free. Moreover, your withdrawals are exempt from taxes. A \$100 a week can fetch you as much as \$500 a month in the next 10 years.

The pandemic has accelerated the move to digitization. The next decade will see many cloud-based service companies gather steam. Some early-stage cloud service companies include **Lightspeed POS** ([TSX:LSPD](#)) and **Facedrive** (TSXV:FD).

The two tech stocks launched their initial public offering (IPO) last year and have grown 78% and 670% since then. An early-stage tech stock's rally depends on its revenue growth potential.

Lightspeed POS offers cloud-based point-of-sale (POS) solutions to retailers and restaurants. Its revenue rose 55% last year. But it saw a sudden surge in its e-commerce volumes in April (up 400% compared to February) as the lockdown shifted the traffic from physical stores to online stores. This sudden surge reflected in its stock price, which jumped 117% in April and May.

Facedrive started as a sustainable ride-sharing service and reported a 4,000% growth in revenue last year. Amid the pandemic, the company has expanded into sustainable food delivery, e-commerce, and health technology businesses through acquisitions and collaborations. Its exponential revenue growth is reflected in its stock price, which rose 450% between mid-April and July.

Investors' takeaway

Both Lightspeed and Facedrive have tremendous growth potential in the long term. If you invest regularly in such growth stocks, you can build a good amount of CERB for yourself over the next 10 years.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:LSPD (Lightspeed Commerce)
2. TSXV:STER (Facedrive Inc.)

PARTNER-FEEDS

1. Business Insider
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