



62% of Laid-Off Canadians Prefer CRA CERB to Working

Description

Businesses are reopening, but many of them are wanting in workers. It seems the [lifeline](#) of displaced Canadian workers is showing some imperfections.

The poll results among employers and business owners by the Canadian Federation of Independent Business (CFIB) suggests that 62% of laid-off employees would rather receive the Canada Emergency Response Benefit (CERB) than work.

Unintended consequences

CERB is undoubtedly lightening the financial hardships of people in the 2020 pandemic. However, unintended consequences are also emerging. Low-income and part-time employees are earning bigger paycheques than before. Some are suggesting that perhaps the CERB structure needs adjusting.

Meanwhile, the Unite Here union has a differing view. The union's Canadian director Ian Robb said workers are impatient to return to work. The survey results also reveal worries about health (47%), childcare obligations (27%), and fewer work hours (16%). A greater number are raising concerns about safety measures at the workplace, which employers must ensure.

Alternative income

Benjamin Tal, deputy chief economist of **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) thinks [CERB is achieving its purpose](#), although some are receiving more money than before. The government also deserves credit for the quick response. However, it should come to a point where people will realize that CERB is temporary, and the program must wind down soon.

While there's no minimum income guarantee system in place yet, an alternative to CERB is investment income. CIBC, for example, is a blue-chip company that pay generous dividends. Also, its dividend track record is 152 years. Whatever you will earn from this bank stock, regardless of the investment amount, can be income for a lifetime. Over the last 20 years, the total return of CIBC is 437.34%.

Assuming you have \$12,000 (the CERB equivalent) to invest, and given the current dividend yield of 6.25%, your potential earning is \$750. People owning \$385,000 worth of CIBC shares are already making \$2,000 per month just like you would from CERB. The main difference is that the monthly payment has no prescribed period. You will receive a steady income for as long as you keep the stock in your portfolio.

Investors must remember that Canada's banking industry is among the most resilient in the world. CIBC understands the macroeconomic risks it is facing, particularly in the housing sector where the bank has the largest exposure. However, CIBC's CEO Victor Dodig assures investors that management has no plans to cut its dividend due to the COVID-19 pandemic.

Conclusion

The CERB cost might hit \$80 billion, contributing heavily to the swelling budget deficit for the fiscal year 2020. But it has helped many Canadians in need during this tough time.

Some senators are urging the Trudeau administration to work closely with provinces, territories, and indigenous governments. The suggestion is for the government to start thinking of a guaranteed basic livable income. Independent senator Tony Loffreda believes it could save a lot of emergency aid going forward. Also, greater cooperation among all sectors is necessary.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. TSX:CM (Canadian Imperial Bank of Commerce)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing

Date

2025/08/04

Date Created

2020/07/30

Author

cliew

default watermark

default watermark