



Canada Revenue Agency: How to Prepare for the End of CERB

Description

Last month, I'd discussed the [possibility of an extension](#) of the Canada Emergency Response Benefit (CERB). Over eight million Canadians have taken advantage of the CERB program due to the impacts of the COVID-19 pandemic. Surveys have shown that many Canadians were receptive to the idea of a permanent CERB or guaranteed income for those most in need. However, the federal government appears to be committed to the reform of existing programs to fill the void that will be left when the CERB expires.

The End of CERB

For months, policymakers and analysts have feared the aftermath of the CERB expiry. Millions of Canadians have relied on this program to sustain their livelihoods in the face of the COVID-19 pandemic. The financial state of individual Canadians was already a source of anxiety for onlookers before this crisis. Now, there is no way to know the extent of the fallout that could follow the expiration of this program.

Fortunately, policymakers are not blind to this reality. Justin Trudeau and the federal government have vowed to tweak existing social programs in order to provide for struggling Canadians in this time.

What will the new EI structure look like?

The federal government reportedly plans to transition out-of-work Canadians into the employment insurance (EI) system when the CERB expires in the fall. It will replace it with an "EI-like support" for the millions who do not qualify under the current rules. Employment Minister Carla Qualtrough implied that this stopgap would be followed by an overhaul of the EI system so that those outside of the catchment would qualify in the future.

So far, the "EI-like" support program that will follow the CERB is light on details. The federal government has vowed to flesh out this plan in the weeks to come. Policymakers are anticipating roughly four million EI applicants in September. I'd discussed the previous [\\$4,000 extension of the CERB](#)

that was announced in June. This extension also came with stipulations the government provided, urging applicants to aggressively look for work and prepare for the end of the program.

How to invest your leftover CERB payments

Canadians will be watching closely as these radical programs expire in the weeks ahead. My top stock pick for the month of August was **Emera**. Canadian equities have gained considerable momentum since the middle of spring while the economy struggles. Because of this, I'm looking to defensive stocks right now. CERB recipients with some cash left over may want to consider stashing Emera in a registered account like a TFSA or an RRSP.

Shares of Emera have climbed 3.2% in 2020 as of close on July 31. The stock is up 6.2% year over year. Emera still possesses a price-to-earnings ratio of 15 and a price-to-book value of 1.5. This puts it in solid value territory relative to industry peers. Emera also offers a quarterly dividend of \$0.6125 per share, which represents a 4.4% yield.

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