



CERB Is Ending: How to Prepare

Description

These could be the last few months of the wildly popular Canada Emergency Response Benefit (CERB) program. The government has indicated that [support measures could be shifted](#) to getting people back to work now that the economy is reopening. That could mean that over eight million CERB applicants will soon have to look for alternatives.

Here's how you can prepare for the eventual transition.

Replacing CERB

The CERB program was designed to support Canadians while the economy was shut and everyone was restricted to their homes. Now that the lockdown has ended in most parts of the country, the government wants to focus on reinvigorating the economy.

The Trudeau administration has indicated that the focus will be on two existing programs: the Canada Emergency Wage Subsidy (CEWS) and Employment Insurance (EI). The first program is designed to help businesses retain staff and benefits business owners and their employees. The latter program could be modified soon to include everyone who is unemployed.

However, the eligibility criteria and payments offered under both programs could be far more restricted than CERB. In other words, a portion of CERB applicants may not qualify for either program when CERB ends. For these individuals, the best alternative would be a concrete savings and investment plan.

Ineligible alternatives

If you're ineligible for any of CERB's replacements, your best bet is to sock away some CERB payments right away and invest them in stocks that provide passive income.

Saving just a fifth of your CERB payments could help create a buffer to help you through the transition. For example, if you saved 20% of your weekly \$500 CERB payment for the maximum eligible period of 24 weeks, you would have \$2,400 saved up when the program ends.

That \$2,400 alone could add an extra month of income support while you look for alternatives. However, you could magnify this buffer by investing it in robust dividend stocks such as **Pason Systems** ([TSX:PSI](#)).

Calgary-based Pason Systems provides enterprise software for oil and gas drillers across the world. The majority of their clients are based in North America and the Middle East. Now that the price of oil has recovered, oil production has become profitable for most of these producers yet again.

Pason's platform is essential for these companies, which means they can lock up long-term deals that guarantee cash flows. These cash flows allow the company to offer a hefty dividend. At the time of writing, Pason's stock delivers a 11.7% dividend yield. The stock is also trading at an attractive price-to-earnings ratio of 10.6.

A 11.7% yield on your \$2,400 in saved CERB payments could add another \$280 to your cash buffer. Altogether, \$2,680 should allow you to meet your expenses for an additional five to eight weeks.

Bottom line

The CERB program has helped millions of ordinary Canadians avert financial disaster this year. However, as the economy reopens and gradually recovers, the program is likely to end. Many current applicants will be eligible for extended benefits in other programs. However, the ones left out could use savvy investments to boost their passive income beyond CERB.

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