



CRA Update: Employment Insurance Will Be the New CERB Alternative

Description

The Canada Revenue Agency (CRA) will most likely end the Canada Emergency Response Benefit (CERB) in September. If you are eligible for the benefit between March 15 and October 2 and have not claimed it, you have until December 2 to claim retroactive CERB payments. Since the start, the CRA made it clear that the CERB is a temporary cash benefit that will expire someday. If you are dependent on the CERB for your living expense, you'd better speed up your job search.

However, those working in the hard-hit sectors like airlines, where the recovery is slow, don't worry. The CRA will bring a CERB alternative. Prime Minister Justin Trudeau has not revealed details yet but has stated that Employment Insurance (EI) will cover those who are still out of work and are actively searching for a job.

If EI is the next CERB, you must know if you are eligible or not for EI.

Are you eligible for Employment Insurance?

The CRA will make changes to the existing EI to bring it in line with the CERB. But the EI won't be the same as the CERB. Until the CRA releases the EI revisions, I would suggest you check your eligibility for the current EI.

- The CRA gives out EI only to those Canadians who have been working in the insurable employment for at least four months, or 420 hours. If you complete 600 insurable hours, you may qualify for additional benefits such as sickness, maternity, parental, compassionate care, or family caregiver.
- Once you have become eligible for EI, you can file for the benefit claim after seven days of being unemployed.
- You can only file for the claim if you lost your job for no fault of yours. The CRA will confirm that you were not terminated for misconduct, poor performance, or labor dispute.
- You must prove to the CRA that you are actively looking for a job.

Like the CERB, you have to submit bi-weekly reports to the CRA to claim your EI. The EI amount will

be added to your taxable income.

How long will Employment Insurance last?

Now, a Canadian was eligible to receive a [maximum CERB of \\$12,000 for 24 weeks](#). In the case of EI, the amount and duration depend on [how many insurable hours you have worked](#) and the rate of unemployment in your area. You can get EI for a minimum of 14 weeks and a maximum of 45 weeks. The CRA gives out 55% of your average weekly income as EI payment. You can get up to a maximum of \$573 a week.

If you've been working in insurable employment and earning a monthly income of \$4,000, you won't be affected by the transition from the CERB to EI. However, low income and part-time workers who earn \$2,000 a month will take a huge hit. Their benefit amount will halve to \$1,100. Hence, labour unions and economists have urged the government to increase the EI benefit.

It's time to earn passive income

While the CRA does provide cash benefits for the difficult times, it's always better to have a personal benefit pool. If you can contribute \$100 a week in your Tax-Free Savings Account (TFSA) for the next 10 years, you will have over \$120,000.

A \$100 investment every week will total up your contribution to \$52,000 in 10 years. If you invested \$100 weekly from 2010 onwards in the **iShares S&P/TSX Capped Information Technology Index ETF (TSX:XIT)**, you would have \$148,000 by now.

The ETF gives you exposure to the top technology stocks trading on the **Toronto Stock Exchange**. Technology is changing the way people live and work. Investing in technology is equivalent to investing in the future. Some tech stocks have tremendous growth potential and the XIT ETF has exposure in these stocks.

The XIT ETF generated an average annual return of 20% in the last 10 years. Even if it manages to generate 14% returns in the next 10 years, your money would grow to \$108,000 by 2030, giving you a decent benefit pool.

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