Canada Revenue Agency: CERB Is Ending. Here’s What That Means for Canadians

Description

The Canadian government isn’t going to extend the Canada Emergency Response Benefit (CERB) again. It announced in July that for people who are still collecting CERB, they’ll be moved on to the Employment Insurance (EI) system as early as September.

Canadians will still be able to collect payments as Prime Minister Justin Trudeau has said that “no one will be left behind” and that “for those who don’t qualify for EI right now, like gig or contract workers, we will create a transitional, parallel benefit that is similar to Employment Insurance.”

Under the new system, it’s going to make it easier for the government to ensure that people who are receiving benefits are looking for work. One of the main criticisms of CERB has been that it doesn’t incentivize people to find work. But the good news is that people will be able to work more while still receiving benefits. Currently, CERB recipients can’t make more than $1,000 during a four-week benefit period.

The government will release more details about the changes before the end of the month.

Why now’s a great time to build up your savings

CERB was always a temporary solution and whether you are still receiving benefits or not, it’s always a good idea to save as much as you can. With COVID-19 keeping many people at home, now’s a great opportunity to put away even money into savings since there’s less temptation to spend on other things.

Building up your nest egg can not only help you save for a rainy day, but it can also allow you to invest that money and earn dividend income along the way.

If you contribute money into a Tax-Free Savings Account (TFSA) any profits you make or dividend income that you earn on the investment can be tax-free. And if you need to take that money out for whatever reason, you're free to do so without having to worry about withholding taxes or incurring any penalties.

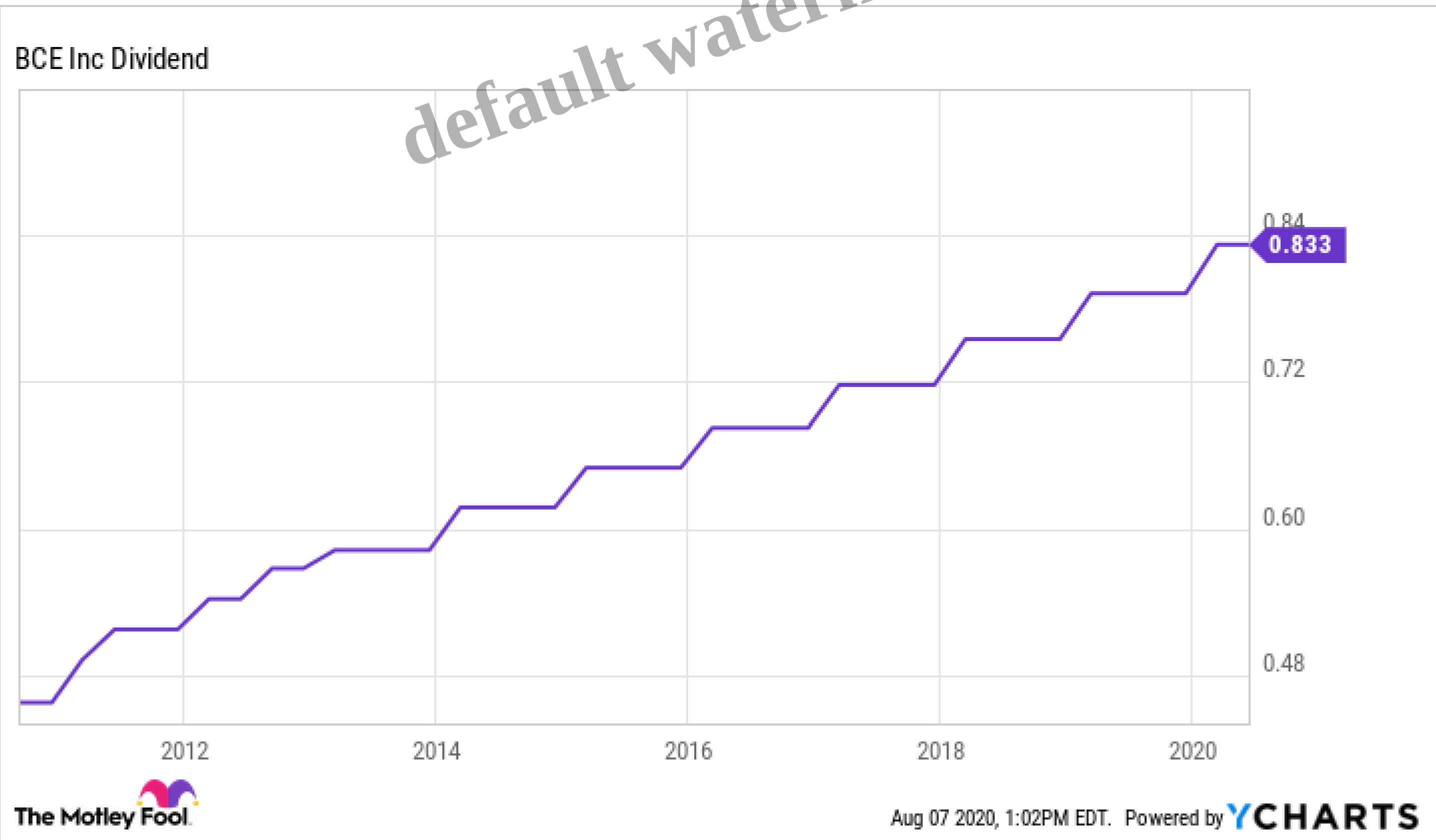
You just need to be careful if you want to re-contribute that money to ensure you aren't doing so too quickly and going over your contribution limit.

And there are many solid dividend stocks that you can put in your TFSA that pay high yields.

A great option for dividend investors: BCE

Telecom giant **BCE Inc** (TSX:BCE)(NYSE:BCE) currently pays its shareholders a quarterly dividend of $0.8325. With the stock trading around $57, investors who buy shares of BCE today could earn an annual yield of about 5.8%. If you were to invest $25,000 into that stock, you could earn dividend income of about $1,450 per year.

The company's also been increasing its dividend payments over the years, meaning you can earn more on your initial investment in the future:



BCE Dividend data by YCharts

BCE's current quarterly dividend is 5% higher than the $0.7925 it was paying a year ago.

Another great reason to invest in BCE is that the dividend's fairly stable with a beta of about 0.26. It's not as volatile as the markets are and investors who own the stock won't often see large swings in share price. Year to date, shares of BCE are down 5%

Overall, this is a fairly safe stock you can put in your TFSA and just forget about.

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djagielski