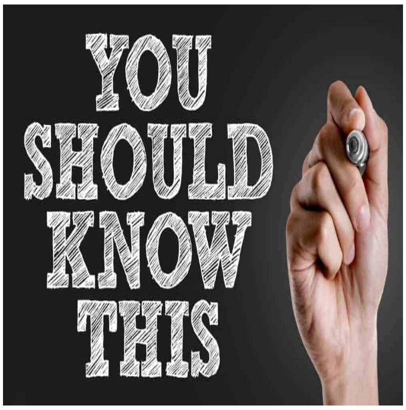

CERB to End Soon: Here's How to Reduce Your Dependency on Government Benefits

Description

Many Canadians are continuing to face a significant drop in their regular income due to COVID-19-related factors. To add to their worries, some government benefits — that they've been receiving for months — are set to end soon.

The Canada Emergency Response Benefit (CERB) scheme would expire in the first week of October. The Justin Trudeau administration announced the scheme in March to help Canadians who have lost their jobs or have seen a significant decline in their income due to the pandemic.

CERB to end soon

CERB provides financial support to employed and self-employed Canadians who are directly affected by the ongoing pandemic. The scheme allowed eligible Canadians to receive $2,000 a month for up to six months. If you are one of those who availed these government benefits in the past or are still availing it, it's high time that you start finding ways to reduce your dependency on it.

A simple way is to start building a stock portfolio to boost your savings. These stocks could yield regular income and high returns — even higher than your CERB benefits if you pick stocks carefully.

Reduce your dependency on government benefits

If you've been saving money for years by cutting your unnecessary expenses, then you might have already realized the importance of doing so during these tough times. But if you haven't saved any, then you must start doing it now to secure your and your loved ones' future.

Most people tend to let their saved money sit in their bank accounts. Rather, you should let your saved money work for you and give you extra income. For example, **TSX** companies such as **Kirkland Lake Gold** (TSX:KL)(NYSE:KL) and **Shopify** (TSX:SHOP)(NYSE:SHOP) have yielded well over 2,700% returns each in the last five years. It implies that if you invested just $1,000 (which is only half of monthly CERB) in any of these stocks five years ago, then it would have turned into over $28,000 today.

Kirkland Lake — the Toronto-based gold mining, development, and exploration firm — has a market capitalization of about $17.7 billion. The company generates most of its revenue from its Fosterville Mine in Australia. Last year, the Fosterville Mine accounted for nearly 64% of Kirkland's total revenue.

In the first quarter of 2020, the company's sales rose by 82% year over year (YoY) to about $555 million. The fears of an upcoming economic slowdown due to the COVID-19 outbreak started haunting investors worldwide earlier this year. These fears boosted the demand for gold and related assets further. As a result, Kirkland Lake's second-quarter revenue more than doubled on a YoY basis.

Similarly, Shopify's online platform suddenly became very attractive for many new small and medium businesses due to the COVID-19 related closures across the globe made. This trend led to a sharp 39% rise in Shopify's total revenue in the quarter ended in June 2020. A prolonged pandemic could continue to boost Shopify's overall business volume in the coming quarters as well.

Which stock is right for beginners?

As of August 11, while Shopify has yielded a solid 150% year-to-date returns, the shares of Kirkland Lake have risen by 11.9%.

If you're new to the stock market, then you may have already started wanting to invest most of your savings in Shopify or a similar company after learning how amazing returns it has yielded.

However, you should resist the temptation of buying Shopify stock right now, as it already looks overvalued with a massive rally this year. Most of the positive factors about Shopify might already be factored in its stock price. Considering all fundamentals, Kirkland Lake Gold's stock looks far more attractive to me at this point.

If you want to get a regular income, you may want to look at a high-dividend-yielding stock like **Enbridge**. But remember that you have to start your investment journey at some point to reduce your dependency on government benefits like CERB in difficult times.

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