Worried About CERB Ending? Here's How to Keep Your $2,000/Month Payments

Description

At the beginning of August, the federal government revealed its intention to fully transition away from the Canada Emergency Response Benefit (CERB). The program was instituted to provide relief to Canadians who were forced out of work due to the COVID-19 pandemic and subsequent lockdowns. Earlier this month, I'd discussed how recipients could prepare for the end of the program.

How to manage the end of the CERB program

There is a great deal of uncertainty for recipients and for the government itself as this program winds down. Millions of Canadians have been reliant on the CERB program to sustain themselves over the course of this crisis. When these payments are halted, there is the potential for a financial calamity if concrete alternatives are not made available.

A report released by the Canadian Centre for Policy Alternatives (CCPA) said that 82% of the 4.7 million Canadians who were on CERB on August 2 will receive less or nothing under the current Employment Insurance (EI) rules. I will touch on this point later in this article. Most Canadians at risk will be low-wage earners. Predictably, these workers are overrepresented in struggling sectors like hospitality, retail, airlines, and the arts.

Canadians who will see a $2,000/month payment disappear will take a big hit. Below are two ways recipients can make up ground when the CERB program ends.

Don't forget to explore passive-income streams

Last week, I'd discussed how CERB recipients could explore passive-income streams. One way to do this is through a Tax-Free Savings Account (TFSA). Canadian dividend stocks held in a TFSA pay out tax-free income to the recipient. A stock like **Pembina Pipeline** is an attractive target for those who are on the hunt for income.

CERB recipients with some cash stashed away should consider stashing this dividend stock in a

TFSA. For example, a $10,000 investment in Pembina would let you acquire roughly 283 shares. Pembina currently offers a monthly distribution of $0.21 per share, representing a monster 7.1% yield. This would pay out over $280/month in tax-free dividend income.

After you have built a passive-income stream, we still have more ground to make up. That brings us to the changes that are set to occur for the EI program.

Pay attention to EI changes

The CCPA recommended that the federal government make major changes to EI in order to aid those who are coming off the CERB program. Canadians are eagerly awaiting the tweaks that the federal government will be making but have not yet detailed.

Some of the steps the CCPA has laid out include altering EI to include gig workers and self-employed Canadians. Moreover, it suggests that the process should be sped along by offering the first payment on an “attestation” basis. This would mean no documented proof of unemployment status would be required initially.

CERB recipients who are relying on these changes will have a little longer to wait before we get a clearer picture of a “21st century EI.”

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/29
Date Created
2020/08/12
Author

aocallaghan