



8.5 Million Canadians Received CERB — but It Will End Soon

Description

Canada is ready with an [expanded Employment Insurance \(EI\) system](#) to replace the Canada Emergency Response Benefit (CERB). The flagship COVID-19 income support benefit has run its course. About 8.5 million displaced or out-of-work Canadians got a dose of the much-needed federal aid. CERB delivered the goods but is bidding farewell on August 29, 2020.

Smooth transition

Canadian Prime Minister Justin Trudeau is promising that his administration's 21st-century EI is better, and should cover every Canadian looking for work. The full program details are not yet available, although Employment Minister Carla Qualtrough gave glimpses of what to expect from the new scheme.

The federal government is not pushing quickly, but slowly ushering people to return to the workforce. Minister Qualtrough said the government recognizes that many Canadian workers continue to face challenges. Trudeau adds there will be no increase in premiums for employment coverage during the crisis.

The minimum unemployment rate for EI

According to Qualtrough, the EI program will use a national minimum unemployment rate in the meantime. It should help more people access EI regular benefits. Similarly, eligible Canadians can obtain a minimum of 26 weeks of benefits. The 13.1% minimum unemployment will apply temporarily for all EI economic regions across Canada.

When the transition begins, the 13.1% rate shall be the basis for computing the EI benefits. For claimants in EI regions with lower unemployment rates, 13.1% will be the basis. However, in EI regions whose unemployment rates are higher than the temporary base, the actual rate for that region will apply.

Permanent stipend

The banking industry in Canada is the most robust globally, although 2020 is a forgettable year thus far. The revenues of the Big Five banks will moderately fall, while profits will meaningfully drop. Higher loan-loss provisions, low-interest-rate environment, and compressed margins are the reasons.

However, in terms of dividend payments, the banks will not disappoint or falter. Investors should be looking at the **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). CIBC is the fifth-largest lender in the country, with a market capitalization of \$43 billion. The bank also has a record of 152 years of consistent payouts.

CIBC pays a high 6.04% dividend and currently [trading at a discount](#). As of August 11, 2020, the share price is \$96.71 or 7.42% cheaper than its 2019 year-end price of \$104.46. Should economic conditions improve in the next 12 months, analysts are projecting a climb back to the \$100 mark. Scoop this blue-chip stock to receive a permanent stipend.

Amid the pandemic, CIBC continues to fund innovative companies in North America. Its Innovation Banking team is helping the market leader in healthcare technology. Health Fidelity is receiving strategic advice and funding support from CIBC. The collaboration aims to expand the market development of health plans and hospital systems.

Goodbye CERB

In summary, the CERB replacement is a temporary measure too, but with a uniform eligibility requirement for EI regular benefits. The minimum entitlement is 26 weeks of benefits. Workers, including gig and contract workers, who will not qualify for EI, will have extended protection in the form of a “transitional parallel benefit” similar to EI.

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