



CRA \$12,000 CERB Update: When Will It End?

Description

The [financial sustenance of Canadians during the pandemic](#) will cease to exist in September 2020. Life goes on, now that the emergency period is over and the country begins its recovery from the COVID-19 shock. The final period of the Canada Emergency Response Benefit (CERB) will end on August 29, 2020.

No precise data is available to determine how many people will still be affected by the culmination of CERB. Some who received the taxable benefit in the early months might have returned to work. But based on government statistics, there are 8.5 million unique applicants who received payments over the life of the program.

Switch to EI

CERB was extended for eight weeks in mid-June, and the total cash disbursement by the Canada Revenue Agency (CRA) rose to \$12,000. The government is importing the best aspects of the program and use them in a modernized Employment Insurance (EI) system.

The Trudeau administration aims to wean Canadians away from financial assistance programs and usher them back into the labour force. Once CERB terminates, the total cost would be around \$80 billion. Parliamentary Budget Officer (PBO) Yves Giroux warns that CERB and other pandemic programs are pushing the country beyond its fiscal capacity.

The PBO adds Canada can't shoulder the burden of continued COVID-19 spending, while the report by the C.D. Howe Institute says a second lockdown was fiscally unfeasible. Thus, the federal government is finding ways to introduce effective measures. Its goal is not to disrupt benefit payments and ensure it will not further erode public finances

The switchover from CERB to EI will take effect in September 2020, although millions will not qualify to receive EI. In such a case, the government will create a transitional, parallel benefit for people who do not typically fall under EI. Self-employed individuals, contract and gig workers would be included.

Longevity pay

CERB is not [for keeps](#), so it's better if you had something permanent to draw from when another crisis hits. One way to ensure your financial security and receive income for the long haul is to invest in a blue-chip stock. Renowned life insurer **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) is a wise investment choice.

If you can save as much from here on, you can build enough wealth to sustain you during economic meltdowns. At \$20.47 per share, this insurance stock pays a mouth-watering 5.62% dividend. This \$38.65 billion company operates globally and has blossomed from an insurance company to a leading international financial services group.

Manulife is a household name not only in Canada, but also in Asia and Europe. In the U.S., the brand name is John Hancock. In Q2 2020, the company reported \$1.6 billion in core earnings or a 5% growth compared to Q2 2019. The performance indicates business resiliency and stability despite the challenging environment.

Tight squeeze

The financial challenge for the government and its people is still daunting. COVID-19 is not ending soon as the world awaits a vaccine.

Canada is looking at a \$343 billion deficit in 2021 and 49% total debt as a percentage of GDP. Years of budget cuts are likely if the country goes beyond its fiscal limits.

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