



CRA Cash: What CERB Changes Could Come in September?

Description

The CRA introduced the CERB to help Canadians who were out of work. In June, it extended the CERB till September to those who were actively searching for a job. The benefit has served its purpose. More Canadians are returning to work because of which Canada's unemployment rate has reduced from 13.7% in May to 10.9% in July. Many Canadians are even working from home.

Hence, the CRA has shifted its focus from emergency payments to economic recovery. It is now making efforts to put Canadians back to work and has, therefore, [improved its support for employers](#) to pay wages.

CERB changes coming in September

The CRA will replace the CERB with the Employment Insurance (EI) program. F

- The EI benefit is available only to those who have worked in insurable employment for a certain number of hours. Whereas, the CERB is available to any Canadian who earned at least \$5,000 last year or 12 months before the application date.
- The EI benefit amount is 55% of your average weekly income. Whereas, the CERB is flat \$2,000, irrespective of your income.

Employment Minister Carla Qualtrough stated that the EI program is prepared to handle the surge in claimants. She stated that the CERB users will be seamlessly transitioned to EI without benefit disruption. I would like to stress on the two things in her statement:

- Seamless transition: I believe that the government might ease the condition of insurable employment until December to cover people who were previously not covered under EI. It has done the same with the CEWS.
- No benefit disruption: I believe the government might increase the benefit amount percentage and ease the working hours' eligibility. It might ensure that people receive \$500 a week in cash benefit, and phase it out as their working income increases.

What do these CERB changes mean to you?

There is a probability that you might not qualify for the EI. The CERB was more like a guaranteed minimum income benefit that covered any and every citizen who earned money. It included all people above 19 years of age, earning money through self-employment, salary, part-time wages, and freelance services.

The CRA does not cover part-time workers, freelancers, or self-employed in the EI program. If you earn your living through any of the three means, you better keep an eye on the upcoming announcements.

Create your emergency payment pool

Rather than depending on the CRA cash, it is always good to have a personal benefits pool, which can give you emergency payments. If you are in your mid-30s, you can open your Tax-Free Savings Account (TFSA) and invest \$69,500 in it. Any income you earn from your investments will be excluded from your taxable income.

You can invest this amount in **RioCan REIT** ([TSX:REI.UN](#)), which has a 20-year history of paying regular monthly dividends. The REIT earns money by collecting rent from its tenants, which are mostly retailers and theatres. However, the pandemic temporarily closed many non-essential retail shops, restaurants, and theatres.

This created [short-term challenges](#) for retail REITs in terms of rent collection, reduction in the fair value of investment properties, and occupancy rate.

These short-term challenges dropped its share price to its 2009 level and increased its dividend yield above 9%. The REIT has sufficient liquidity to withstand the losses and maintain its dividends. If you invest \$69,500 in RioCan, you can start earning \$500 every month in dividend income.

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