



From CERB to EI: The CRA Will Leave No Canadian Behind!

Description

While millions of Canadians continue to be impacted by the COVID-19 pandemic, the government of Canada and the CRA (Canada Revenue Agency) are trying their best to ease the financial burden on the country's residents. The CRA introduced the CERB (Canada Revenue Emergency Benefit) in April 2020 as a measure to provide financial aid to Canadians unemployed as a result of the pandemic.

So, will Justin Trudeau announce another extension to the CERB once the federal aid expires on September 26? According to Employment Minister Carla Qualtrough, there will instead be a seamless transition to Canada's Employment Insurance (EI) program for eligible CERB applicants.

People eligible for the CERB have been receiving \$500 a week for a 24-month period, increased from the earlier 16-month duration. Though Canada added 419,000 jobs in June, the country's unemployment rate still stands at 10.9%, according to Statistics Canada. Additionally, according to a [Global News report](#), 4.7 million Canadians received the CERB at the beginning of August 2020.

The *Global News* report states that while the Canadian economy continues to recover amid the pandemic, over 40% of workers affected due to COVID-19 are still out of work. Further, only 1.4 million out of the 4.7 million Canadians (who received the CERB this month) are eligible to qualify for the EI under current rules.

How much will you receive from the EI program?

The federal government will be tweaking the EI program to accommodate a larger percentage of Canadians. Qualtrough, in fact, claimed that no Canadian would be left behind in the transition from CERB to the EI program.

However, economist David Macdonald forecasts around 800,000 will receive less than \$500 a week from EI. The average weekly payment for these Canadians is estimated at \$312. Macdonald further calculated 70,000 CERB recipients will receive between \$200 and \$300 per week, while another 250,000 will get between \$100 and \$200 a week.

Alternatively, 630,000 CERB recipients will receive over \$500 a week with an average weekly payment estimated at \$573. This means around 86.6% of CERB applicants will receive lower benefits when the transition to EI takes place.

Earn passive income by investing in dividend-paying REITs

While government benefits will help you through these uncertain times, it is always advisable to ensure a second stream of income to complement your employment income. We have seen that the economy is highly volatile, and there will be multiple business slowdowns in the upcoming years as well.

One way to generate a predictable stream of income is by investing in dividend-paying REITs such as **Killam Apartment** ([TSX:KMP.UN](#)). Killam owns, manages, and operates multi-family residential properties in Atlantic Canada, Alberta, and Ontario. Its portfolio spans \$3.5 billion in real estate assets that include 203 apartment properties and 39 manufactured home community properties.

Killam is a growth-oriented REIT and aims to increase earnings from its existing portfolio, expand its portfolio by acquisitions, and develop high-quality properties in core markets. Killam Apartment stock has a forward yield of 3.84%, which means if you invest \$10,000 in this REIT, you will generate \$384 in annual dividend income.

Further, long-term investors will also benefit from capital gains, as the stock has returned 74% since it went public in January 2016. Killam's focus on earnings improvement and acquisitions has helped it outperform broader markets.

The company has [increased net operating income](#) at an annual rate of 9.2% between 2015 and 2019. Its total assets have increased by 12.5%, while funds from operations and distribution per unit rose 4.4% in this period.

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