



Canada Revenue Agency: \$2,000 CERB Alternative Coming Soon

Description

The emergency benefit has done its job in helping people during the lockdown. The CRA's next objective is to get Canadians back to work. It will end the CERB in September and launch a CERB alternative in October.

The CERB alternative coming soon

In July, Prime Minister Justin Trudeau said that the federal government will replace the CERB with Employment Insurance (EI). He also said that the government will bring an alternative for part-time workers and self-employed who are not covered by the EI.

Trudeau did not give details about the EI program but assured that the CERB alternative will be enhanced to ensure no Canadian is left behind. You have to wait for the CERB alternative, which is coming soon.

What do we know about the CERB alternative?

For a long time, the CRA has been offering the EI program to Canadians who lost their job for no fault of theirs. EI is like insurance. You only avail of the benefits when you pay the premium for a minimum period.

- If you are working with an employer who deducts EI premium from your salary, you are eligible for EI. This was not the case with the CERB. Any working Canadian, who earned at least \$5,000 last year or in the last 12 months, can get the CERB.
- The CRA calculates the EI amount as 55% of your average weekly earnings, whereas the CERB is flat \$2,000 for everyone.
- You can get the EI between 14 and 45 weeks. The duration of the benefit depends on the number of insured working hours and the unemployment rate in your area. The higher these two numbers, the longer is the benefit period as the CRA has received that much EI premium. The CERB is only available for a [maximum of 24 weeks](#).

The various constraints of EI will leave many Canadians without the CRA support, and those who are eligible for the EI might get lower benefits than \$2,000. Without a doubt, the CERB is the most generous benefit the CRA offers. It treats every Canadian equally.

What possible EI changes could the government introduce?

Employment Minister Carla Qualtrough has stated that the EI will seamlessly transition CERB users without benefit disruption. If you earned \$4,000 per month from your former employer who offered EI, you won't face any change in the benefit when the CRA transfers you to EI.

However, if you earn less than \$4,000 a month, your EI benefit could be lower than the CERB. The Workers Action Centre noted that the CERB alternative will halve the benefit amount for most workers. Hence, it is asking the government to increase the EI benefit percentage to 75% of weekly income.

The other major change that the government could consider is to reduce the minimum working hours requirement. At present, you need to work at least 420 hours in insured employment to be eligible for EI.

My CERB is better than the CERB alternative

There are many pre-requisites to the CERB alternative. A better alternative than the EI is a personal CERB. You can make My CERB pool by investing \$100 a week in a high-growth stock like Lightspeed POS ([TSX:LSPD](#)).

Lightspeed launched its initial public offering in March 2019 and surged 90% in its first year. It provides point-of-sale solutions for physical stores. The company took a hit from the lockdown as its customers — retailers and restaurants — temporarily closed their physical stores. Many customers discontinued Lightspeed subscription.

However, the company adjusted to the changing business needs. It introduced features like curbside pickup, appointment booking, and local store inventory that promote social distancing. These features attracted new retail customers, sending the stock back to its pre-pandemic level. The stock can double your My CERB portfolio in a few years.

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