



What Will You Do After the \$12,000 CRA CERB Is Over?

Description

The Canada Revenue Agency (CRA) has been distributing \$500 weekly payments to eligible applicants for the Canada Emergency Relief Benefit (CERB) program for several weeks. CERB came as a blessing, as millions of Canadians lost their jobs due to mandatory lockdowns.

The Canadian government initially announced this program with 16 weeks of weekly payments. It instructed the CRA to extend the relief payments to 24 weeks with no visible end to the pandemic. With economies gradually reopening, the CRA will likely end CERB in September.

If you are an eligible Canadian for the benefit between March 15 and October 2 and you did not claim the funds, you can receive the CERB money as retroactive payments until December 2.

Only a temporary benefit

While we have no idea how long the pandemic will last, the government made it clear that CERB is a temporary program that will expire one day. The extension came as a sigh of relief, but it is not something we can depend on in the long run. If you are dependent on the CERB for your living expenses, you should search for a job.

Despite reopening economies creating thousands of new jobs, it will take a long time for most people to find a new job. There are various sectors where the recovery is slow, but the [government has a plan](#) to ensure you have nothing to worry about.

Alternative to CERB

While the government has yet to share details, Prime Minister Justin Trudeau has announced that Employment Insurance (EI) benefits will cover the expenses for people who continue to remain out of work and are looking for a job. It effectively means that EI benefits are the new CERB that you can use as an alternative to the government benefit.

If you qualify to receive EI, you can receive 55% of your average weekly income in the form of EI payments. The maximum you can receive is \$573 per week through the CERB. If you were earning \$4,000 per month before losing your job due to the pandemic, you can receive an amount higher than the weekly CERB. However, people with average income lower than \$2,000 can expect a drastic hit.

Create your own alternative

While the CRA is providing alternative benefits, it is always better to create a personal passive-income stream. You can earn substantial income by using your Tax-Free Savings Account (TFSA) to hold a portfolio of dividend-paying equities. The TFSA allows you to earn tax-free dividend income that you can withdraw without charges when you need the money. If the economy gets better, you can reinvest your dividends to unlock the power of compounding.

An ideal stock to begin building such a portfolio could be the ever-reliable **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) stock. This is a stock you should [buy and never sell](#). It is among the top dividend-paying stocks trading on the TSX due to its reliability for generating revenue and providing investors with value.

The utility company provides an essential service that can continue to earn income for Fortis through the worst economic crises. The defensive stock achieved solid earnings growth in recent years. The company reported net annual earnings of \$3.79 per share, translating to \$1.65 billion. A base rate growth across its regulated service made its revenue-generation capacity stronger for fiscal 2020.

Fortis recently released its Q2 2020 earnings report, and its adjusted net earnings were \$0.56 per share, up from \$0.54 per share in the same period last year. The company continues to generate positive financial results, despite the pandemic. At writing, Fortis has a juicy 3.59% dividend yield that you can lock in. You can count on the company to continue paying its shareholders their dividends without fail.

Foolish takeaway

Building a portfolio of reliable dividend stocks can help you earn substantial passive income that can replace CERB or other benefits. You can continue to collect government benefits as you see fit. Simultaneously, you should consider contributing to a TFSA and build a dividend income portfolio as well. It can prove beneficial for your financial freedom in the long run.

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