Alert: CRA Announces 3 New Benefits to Replace CERB. Earn $500 a Week

Description

The Canada Revenue Agency (CRA) will offer more benefits to Canadians, as the economy recovers from the impact of the pandemic. Newly appointed finance minister Chrystia Freeland has just announced major updates to the government's support programs for all Canadians.

Here are the three new programs the minister announced yesterday.

Canada Recovery Benefit

The CRA expects to move away from the Canada Emergency Relief Benefit (CERB) program over time. But they have recognized that the Employment Insurance (EI) system needs to be updated.

The newly introduced Canada Recovery Benefit allows self-employed workers to qualify for EI for the very first time. The eligibility criteria has also been broadened to workers who have lost their jobs, are not self-employed, but were previously ineligible for EI.

Altogether, this means millions of more Canadians can apply for roughly $400 per week in EI payments. Payments could start from September 27 and extend for 26 weeks maximum.

Canada Recovery Sickness Benefits

This second program extends a $500 weekly payment to those who are unable to work because of illness. Those who have to self-quarantine due to COVID-19 are also eligible for this program. This should help stem the spread of the virus further, as people are encouraged to quarantine when they are at risk of contraction.

Canada Recovery Caregiving Benefit

Finally, the Canada Recovery Caregiving Benefit is targeted at caregivers across the country. Under the new program, anyone who is unable to work because they're caring for a family member, dependent, or a young child could receive $500 in support. This payment could be weekly for up to 26 weeks.

Using the benefits to your advantage

The CRA's intention is to put a floor on the finances of those who are most affected or vulnerable to this crisis. If you are in this unfortunate situation, these payments could be an incredible lifeline.

However, if you use the payments carefully, you could extend the cash much further. $500 in weekly payments over 26 weeks implies $13,000 in total benefits over two years. Setting aside just 10% of that cash (or $50 a week) could help you boost your streams of monthly passive income.

For example, if you invest $50 a week into a dividend stock like **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD), your total investment would be $1,300 over two years. Assuming the stock price climbs 6% a year, and the stock pays 5% annually over that time, you could have $1,500 in TD Bank stock by 2022. That would pay you $75 in annual dividends.

Of course, a lot can change over the next two years. This is why betting on a robust dividend stock like TD Bank is probably the safest option. The bank is well diversified, deeply entrenched in the economy, and remarkably profitable. Over the past 10 years, TD has consistently paid out higher-than-average dividends. Meanwhile, its stock price has climbed 75%.

The dividend-payout ratio is just 52.8%. This means you can be certain that the team is conserving cash to survive any future crises. That's what makes this such a dependable long-term bet.

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