



CERB Extended Again! How to Secure Your Income in 2020

Description

The Canada Emergency Response Benefit (CERB) was launched by the federal government in March 2020. It was designed to provide immediate financial relief to the millions of Canadians who were adversely impacted by the devastating COVID-19 pandemic. In July, I'd suggested that the federal government may opt to extend the CERB [way beyond](#) what they originally intended.

Today, I want to discuss the extension that the federal government announced late this week. Does this change anything for CERB recipients or onlooking investors? Let's jump in.

Why CERB was extended again

On August 20, Ottawa announced that it would extend CERB for an additional four weeks. This came after a dramatic shakeup in Justin Trudeau's cabinet. Finance Minister Bill Morneau resigned as reports surfaced of tensions between Morneau and the prime minister. Trudeau installed Deputy Prime Minister Chrystia Freeland into the finance minister position.

Some analysts and economists have expressed concern over the impact the CERB expiry could have on the economy in the near term. Nearly five million Canadians are still reliant on CERB payments to sustain their livelihoods. In order to combat a major shock to recipients, Trudeau's government announced plans to revamp the employment insurance (EI) system.

Changes are coming to EI

In early August, I'd suggested that CERB recipients should [pay close attention](#) to the coming EI changes. This week, we got a glimpse of what this "21st century system" may look like. New benefits were announced that will provide enhanced flexibility for the dated program.

One of those new benefits is the Canada Recovery Benefit. This is designed for self-employed workers and other workers not eligible for EI. Canadians in this category can receive \$400 per week. However, they will have to pay 50 cents on the dollar for every dollar earned above \$38,000. It also introduced

the Canada Recovery Caregiving Benefit for Canadians who are unable to work because they need to care for a child, family member, or dependent.

These new benefits will be available for 26 weeks over a one-year period.

How to prepare for the end of CERB

Some CERB recipients may still fall through the cracks when it comes to these new benefits. Fortunately, it is not too late to start to build a passive-income stream on the investing side. Holding income-generating equities in a Tax-Free Savings Account can provide steady dividends. Better yet, you don't have to pay taxes on that income.

CT Real Estate Investment Trust is an interesting target for income investors in late August. It boasts a strategic partnership with **Canadian Tire** that accounts for more than 90% of its annual minimum rent. Shares of CT REIT have dropped 9.6% in 2020 as of close on August 20.

This REIT last paid out a monthly distribution of \$0.06562, representing a strong 5.6% yield. Analysts had feared for many REITs, as the COVID-19 pandemic threatened the stability of millions of renters and landlords. However, CT REIT is in an enviable position due to its relationship with a top Canadian retailer. This is a very solid income alternative for CERB recipients who have cash on hand.

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