



CRA's CERB Replaced with \$37 Billion Package — \$400/Week Employment Insurance!

Description

Last month, I wrote that Justin Trudeau's government was planning on replacing the CERB with an expanded EI program for the long-term unemployed.

Just yesterday, we got a clear picture on what the program will entail. In a statement, Finance Minister Chrystia Freeland revealed plans for a \$37 billion support program that will replace the CERB. The proposed package includes not only an expanded form of EI with lower eligibility standards, but also support for training and education.

While the exact rollout of the package is currently up in the air due to a prorogued parliament, it is likely to move ahead when Parliament resumes September 23.

Here's what we know so far.

New benefits introduced

The biggest news so far about the government's proposed \$37 billion recovery package is that it will include a slew of new benefits for Canadians. These include:

- An additional four-week extension to the CERB
- A transition to EI for former CERB recipients
- A new "recovery benefit" open to [gig workers](#) valued at up to \$400 per week for up to 26 weeks
- Two weeks of paid sick leave (\$500/week)
- Childcare benefits

Taken together, this package represents the most generous new form of COVID-19 aid since the CERB was launched. The three new benefits will cost \$22 billion while the CERB extension and increased EI will take the total to \$37 billion. It's a generous pot of benefits up for grabs — and you may be eligible for them.

Eligibility for the expanded \$400/week EI

Like the CERB, the newly announced \$400/week recovery benefits require that you meet certain standards to qualify. These include:

- Having worked [at least 120 hours](#) over the past year
- Earning \$38,000 a year or less (*to get the full benefit*)
- Meeting certain standards to get an “insurable hours credit” (e.g., job loss or sickness)

That final eligibility criterion requires a little more explanation. Technically, workers still need the same number of hours to get EI as they did before. However, under the new program, workers who lost work due to COVID-19 will get a 300 credit top-up to help them qualify. This allows people to qualify for EI with as little as 120 hours worked while keeping the old system in place.

Foolish takeaway

In 2020, we're seeing clear evidence that the federal government is working hard to support the Canadian economy. The new recovery benefits program is just one sign among many. And the government's supports seem to be working. Month after month, the economy adds more new jobs, as business comes back to life.

Right now, we're seeing ETFs like the **iShares S&P/TSX 60 Index Fund** ([TSX:XIU](#)) gaining ground and approaching all-time highs. That's good news for everybody. Many Canadians depend on ETFs like XIU to fund their retirements. Because of the gains posted by these funds, Canadians' RRSP balances are quickly walking off their COVID-19 losses.

As of right now, XIU is down only 8% for the year—compared to 34% at the bottom of the market crash in March. That's good news, not only for investors, but also for Canadians who depend on TSX 60 companies for employment.

We may not be out of the woods yet. But progress is moving along.

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