



Government Introduces \$37 Billion Recovery Benefits Program, No Canadian Left Behind

Description

The CRA started the CERB on April 6. Every eligible Canadian got up to \$12,000 in CERB for 24 weeks. Now, you can get an extra \$2,000 CERB up to \$14,000 for 26 weeks.

To date, the CRA has paid \$69.4 billion in CERB to 8.6 million Canadians and helped 4.1 million applicants return to work. It expects to spend another \$8 billion on the CERB extension.

The \$37 billion recovery benefits program

The government has divided the \$37 billion recovery benefits program into three parts:

- Four-week CERB extension worth \$8 billion
- Employment Insurance (EI) modifications worth \$7 billion
- New benefits program worth \$22 billion

Like the CERB, the recovery benefits will be taxable. However, the CRA will change the way recovery benefits are paid to address the shortcoming with the CERB payments.

The CRA pays CERB for a benefit period in advance. But it will pay the EI and new benefits in arrears, which is after the benefit period is over. This will remove the hassle of repaying the benefit if you don't qualify for that period.

Both the CRA and Service Canada processed the CERB, which caused duplication of payments. Now, Service Canada will process the EI and the CRA will process the new benefits for non-EI.

The \$1,600 CERB alternative

The CERB alternative will divide CERB into EI for those who qualify and the Canada Recovery Benefit (CRB) for those who don't qualify for EI. Both these benefits will give eligible Canadians out of work

\$1,600 a month, or \$400 a week, for 26 weeks.

You will get the \$1,600 benefit amount even after you start working, and it will start phasing out when your annual income crosses \$38,000. With this, the government will address the CERB shortcoming, which created a [disincentive for those who returned to work](#) and earned above \$1,000.

If you are a self-employed or a part-time worker who doesn't have an EI, the CRB will replace the CERB. If you are still out of work because of the pandemic and have exhausted your \$12,000 CERB limit, you can apply for an extra \$2,000 CERB. When the CERB ends in September, you can apply for CRB for up to 26 weeks in the next 12 months.

If you are a salaried employee who is covered under EI, the EI will replace CERB. If you lost your job or reduced working hours because of the pandemic, you can apply for up to \$14,000 CERB between March 15 and October 2. After September, you will be transferred to EI and get \$400-\$573 in weekly benefits for 26-45 weeks depending on your average weekly income and insured working hours.

Two new \$500 cash benefits

Beyond the CERB alternative, the CRA has introduced two new benefits that will pay \$500 per week.

- The 26-week caregiving benefit for those who need to stay home to care for dependents as schools and care facilities are closed due to pandemic.
- A two-week sickness benefit for those who are sick or in a 14-day quarantine because of COVID-19.

The new program will help Canadians live with COVID-19.

Make the most of the CERB alternative

You can increase your benefits payments by saving \$100 a week from your EI/CRB in Tax-Free Savings Account (TFSA). This way, you can contribute \$3,000 only from the CRA cash benefits.

Invest this money in a stock that has adapted to the COVID-19 economy. **Lightspeed POS** ([TSX:LSPD](#)) provides point-of-sale solutions to physical stores. The pandemic significantly hit its subscriptions in April. Hence, it adapted to the changing business needs and introduced features that can help its customers operate in the COVID-19 economy while maintaining social distancing.

The stock has returned to the pre-pandemic level and has the potential to double your money in a few years.

CATEGORY

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