Canada Revenue Agency: The $12,000 CERB Will End Soon

Description

The government launched the Canada Emergency Response Benefit (CERB) as part of its COVID-19 response plan to aid millions of Canadians who lost their jobs due to the pandemic. The program would see the Canada Revenue Agency (CRA) pay $500 weekly payments to applicants for up to 16 weeks. As the pandemic-induced lockdown continued, the government decided to extend the program by eight more weeks.

The launch of CERB was slightly concerned for people because of fears that many citizens would consider CERB as an alternative to their lost income du-ring the pandemic. It could decrease the chances of them looking for work when things began getting better.

The government's extension relieved many people because they still could not find jobs in the gradually reopening economy. However, the extension is ending soon. Canadians are not likely to see another extension to the program.

$12,000 and that's it

The $2,000 monthly payments that the CRA distributed would total up to $12,000 in CERB money per eligible Canadian. The program has been a successful rescue attempt, as it helped at least 8.46 million people. That is the total number of people who applied for CERB funds. However, the program had to end at some point.

The last extension cost the government billions of dollars than it initially planned. It can't continue extending this benefit. Instead, the government is trying to move people who remain jobless amid a reopening economy to Employment Insurance (EI) benefits. The original EI was not robust enough to cope with millions of applicants, why is why CERB was necessary.

EI is the default system for people who lose work in Canada. It seems that an updated version of EI will be the alternative to CERB when it ends. However, there are other ways to earn passive income, even if you can't find a job.

Creating a dividend-income portfolio

Creating an alternative source of income that can generate money without a job can take many forms. Ideally, you should consider creating a dividend-income portfolio in your Tax-Free Savings Account (TFSA).

This tax-free account allows you to store cash or assets of equivalent monetary value without paying income taxes on any profits it generates in the account. Suppose you allocate the contribution room in your TFSA to a portfolio of dividend-paying stocks with reliable returns like **Fortis Inc.** (TSX:FTS)(NYSE:FTS). In that case, you can create a substantial monthly income.

There is a prerequisite of investing substantial funds into stocks to earn income that can replace CERB money, but it is possible. Fortis belongs to the utility sector. Utility companies like Fortis enjoy a unique position in the economy. Unlike most other companies, Fortis can continue to generate income through global financial crises.

No matter how bad the economy gets, people will need their electricity and gas. They can cut down on expenses elsewhere, but food and utilities are essential. Fortis' income primarily comes through long-term and highly regulated sources. It means that the utility provider has a predictable cash flow, regardless of the overall economy.

At writing, Fortis is trading for $52.84 per share, and is paying its shareholders at a decent 3.62% dividend yield. It is not a lot, but the returns are decent and nearly guaranteed. Fortis can easily afford to sustain its payouts to shareholders through the pandemic and beyond.

Foolish takeaway

A diversified portfolio of dividend-paying stocks in your TFSA can gradually grow to provide you with a substantial income. The stocks can continue to grow and keep adding cash to your account from dividend payouts. You can withdraw the amount tax-free from your account to take care of everyday expenses. I think Fortis is a rock-solid stock to begin building a dividend-income portfolio.

You can even reinvest the amount to acquire more equities and unlock the power of compounding to accelerate the growth of your wealth.

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