



CRA's Recovery Benefits: Living With COVID-19

Description

Living with COVID-19

What is it like living with COVID-19? The virus spreads from human to human. The World Health Organization has listed some preventative measures, such as social distancing, safety masks, and sanitation. These measures can reduce the spread of the virus, but you can still catch it.

One major reason why COVID-19 became a pandemic is international travel. The virus started in China in November and spread across the world by March. Hence, the government has restricted international travel only to essential travel for the last six months. When the international travel resumes, there is a risk of a second wave of the pandemic.

You cannot rule out the possibility of catching the virus. In the event you've tested positive or you feel sick, you have to self-isolate yourself. If you have a medical condition that could put you at high risk once you catch the virus, you might avoid going out often.

If you are a shop owner or a contract worker who cannot afford to take a sick leave, living with COVID-19 could make your finances a challenge.

How will Canada Recovery Benefits address COVID-19 challenges?

The Canadian government has devised its new [recovery benefits program](#) for the COVID-19 uncertainty.

- The CRA will give you \$500 a week in the Canada Recovery Sickness Benefit (CRSB) for two weeks if you are sick or have to self-isolate yourself for 14 days because of COVID-19.
- The agency will give you \$500 a week in the Canada Recovery Caregiving Benefit (CRCB) for up to 26 weeks if you are caring for a dependent. You have to stay home with the dependent

because the schools, daycare centres, or other care centres are closed due to the pandemic, or your doctor has suggested that the dependent is to not step out.

- The CRA will also give you \$400 a week in the Canada Recovery Benefit (CRB) for up to 26 weeks if you are out of work between October 2020 and October 2021. There will be days when your office is open and days when it is closed, because COVID-19 cases are increasing in your area. The CRB will help you in those tough times.

The COVID-19 pandemic has created a once-in-a-decade investing opportunity

While the pandemic has brought uncertainties, it also created opportunities to earn good returns from investment. The stock market crashed in March. Most tech stocks surged to their all-time highs, as people adopted digitization.

However, traditional companies like energy, real estate, and banks, which have capital-intensive business and regular cash flows, did not recover. Among them are companies with strong fundamentals that have survived the previous crisis and grown multiple times when the economy recovered.

One such stock is **RioCan REIT** ([TSX:REI.UN](#)), Canada's second-largest retail real estate business that earns regular cash flows from rent. It distributes this cash to shareholders as dividends.

Investing in RioCan

RioCan has been paying regular dividends for 20 years without any significant dividend cuts. During the 2009 financial crisis, its stock fell more than 45%, as it suffered from credit losses and reduced property prices. However, it maintained its annual dividend per share at \$1.38 for four years before increasing it in 2013. The stock recovered in two years, growing 107%.

History [is repeating itself](#). RioCan stock is down 41% as it faces short-term challenges in rent collection, occupancy rate, and reduced fair value of its investment properties. However, it has maintained its dividends per share at \$1.44, inflating its dividend yield to 9.3%. This is a once-in-a-lifetime opportunity to lock such a high yield for a lifetime.

To put it in dollars, if you put \$200,000 in RioCan now, you will start earning \$1,500 every month from September onward. Moreover, your \$200,000 could grow to \$400,000 in the next five years when the stock recovers.

CATEGORY

1. Coronavirus
2. Dividend Stocks
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