CRA Update: CERB Extended Another 4 Weeks!

Description

Just a few days after the Canadian finance minister Bill Morneau resigned his position, Chrystia Freeland replaced him. A little while after she took charge of her role, the government announced another extension to the Canada Emergency Response Benefit (CERB) program.

CERB began as a $2,000-per-month program that would cover 16 weeks. The government extended it in June by eight weeks, as the COVID-19 situation did not improve. The latest extension announced by the government means that the CERB program will span a total of 28 weeks.

Canadians who qualify for the fund can receive up to $14,000 through the government program.

More relief

Many Canadians who applied for the program when it began would have exhausted their benefits this month. The government said that it will still take care of its citizens even after the CERB ends by transitioning to the Employment Insurance (EI) program. The four-week extension to CERB came to ease the transition to EI.

While the four-week extension is fantastic news for many CERB recipients, it is important to remember that this is still a taxable income. When the next tax season arrives, the $14,000 CERB money you can receive will be part of your taxable income for fiscal 2020. It might be an excellent choice to save some of the CERB payments to ease up the tax bill.

Save the CERB

With many businesses still not operating at full capacity, many people continue to remain unemployed. The extension is good news, but you should focus on trying to cut down on your expenses and put as much of the CERB in savings as possible. If you use a Tax-Free Savings Account (TFSA) to store your CERB money, you can keep your funds secure.

While you can store the funds directly in the form of cash in your TFSA, you can use the account to grow your savings without incurring taxes. The best way to use your savings in a TFSA is by storing dividend-paying stocks in the account.

An attractive stock to consider

One stock that you can consider adding to your TFSA portfolio is **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD). The banking sector has had a tough year, like most of the Canadian economy. Banking stocks dived with the onset of the pandemic-fueled market panic. The share prices kept falling, as investors began to worry about what would happen to the economy.

Dividend yields for the top banking stocks like TD became inflated with dropping share prices. At writing, TD is down by more than 15% from its February 2020 peak. It has a juicy 4.94% dividend yield that you can lock in if you invest in the stock and store it in your TFSA.

You can rely on TD to sustain its dividend payouts, despite the challenging economic landscape. The bank might be facing a tough time right now. Still, it is well capitalized and will return to more substantial share prices as the economy eventually recovers. If you buy and hold TD Bank shares right now, you can leverage its dividend payouts and potential capital gains in your TFSA.

Foolish takeaway

Banking stocks are safe long-term investments. The financial sector in Canada has always enjoyed success. While they might see some fluctuations over the years, bank stocks generally rise in value. I think TD could be an ideal investment with savings from the extended CERB. It can help you lower the tax bill through growing your wealth and provide you with the long-term growth of your wealth.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing

Date
2025/06/30
Date Created
2020/08/27
Author
adamothman