Canada Revenue Agency: 4 More Weeks of the $2,000 CERB!

Description

The CERB has been more than generous already. Still, owing to the current condition of the job market and understanding how difficult it is for so many Canadians to replace lost jobs, CRA has extended CERB payouts for one more eligibility period, making the total seven. Those eligible to receive CERB can now apply by September 26 as well, for four more weeks of CERB payouts.

This extension is part of the $37 billion plan the government announced, including migration of CERB recipients over to EI and a few other emergency payments. The total CERB duration is now 28 weeks, and eligible people can apply for seven eligibility periods (they don't have to be consecutive).

Another thing to note here is that having a job or earning money doesn't necessarily disqualify you from receiving CERB. If you are making a limited amount, either because you are working fewer hours or your self-employment income is reduced due to COVID-19, you might still be eligible for the full $2,000. But if your earnings exceed a certain level, you will need to return or repay the entire amount back to CRA.

If you could earn $2,000 from another source, you wouldn't have to worry about violating your eligibility and returning the amount. It could have come from two sources: dividends and systematically selling your stocks.

Dividend income

If you had invested $10,000 in **Exchange Income Fund** (TSX:EIF) 15 years ago and chose to reinvest the dividends, you'd now be sitting at some 4,000 plus shares. With this many shares to your name, you can receive $778 in dividends every month. Even if you didn't invest in EIF all those years ago, there is still time. This long-time Dividend Aristocrat is currently in the rut with the rest of the airline-related stocks.

It's still trading at 29.5% down from its pre-pandemic high, even though the stock has recovered over 120% from its March crash. If the airline business isn't doomed to obscurity in a post-pandemic world, EIF, with its diversified businesses and assets, might have a very decent chance of recovering. If you buy now, you can lock in the very juicy yield of 7%. With its 14-day RSI at 65, the stock is on the verge of becoming overbought.

Systematic stock sell-off income

For capital growth, if you had bought into the 30-year-old Dividend Aristocrat, i.e., **Toromont Industries** (TSX:TIH) about 10 years ago, using $10,000, you'd now be sitting at a $50,000 nest egg in this company alone (and almost 700 shares). But to reach this number, opting for dividend reinvestment would have been a must.

To complete your $2,000 payout, you could sell 17 stocks from Toromont. If we consider the whole 28-week period, that would mean losing 119 of the company's shares, or about $9,000 in capital growth. But if we consider the last three-year compound annual growth rate (CAGR) of 20.6% and the company grows at the same pace, it would recover the capital gains losses within a year.

Unlike EIF, Toromont is not on a discount right now. But if another crash comes, you may want to add this steady growth stock to your portfolio.

Foolish takeaway

The current CERB extension might be the last, or the CRA may choose to extend CERB till December. Either way, chances of this generous payout being stretched into 2021 are relatively limited. If you don't have a nest egg now, to rely upon when CERB finally runs out, you should try to create one for yourself.

The sooner you start, the longer you'll have to grow it.

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2. Investing

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2. TSX:TIH (Toromont Industries Ltd.)

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