



CRA Emergency Payment: Another \$2,000 CERB Extension

Description

CERB has been extended for four more weeks. The original 24-week program is now officially 28 weeks. The extra amount and extended duration would be ideal for those who may find it challenging to transition to EI, where all CERB recipients are eventually shifting.

Relatively few people will be applying for the first time. The government is working hard to make more jobs available for people, and the number of CERB/EI recipients should gradually decline in the coming months. Self-employed people, and workers from the retail, travel and hospitality industry (few of the most affected sectors), might need government assistance for longer, as many employers have closed up shop — some permanently.

Unemployment and transitioning to EI

Since its inception, CERB has provided income support and much [needed funds](#) to about 8.5 million individuals. According to a government report, 1.6 million people have been able to return to work. If that is the number of people who have stopped receiving CERB or have returned their payments because they're now employed, it paints a dismal picture.

If four out of every five people who started receiving CERB *haven't* stopped yet, it means the lost jobs are being replaced at a prolonged rate. The government added 419,000 jobs in July. If the economy is reopening, and the government's "job-adding" pace picks up, then there are half a million new jobs every month. Even then, it might take several months to lower the unemployment levels to pre-pandemic ones.

The government is trying to make CERB to EI transition relatively easier for everyone. Providing insurable hours credit and recently, setting the minimum unemployment rate (temporarily) of 13.1% are measures that will allow more people to qualify for EI for more weeks than they would have initially qualified for.

Replacing CERB

Replacing CERB and transitioning to EI will be a complicated process for many. But it can also be a teaching process. It would (hopefully) help people realize how important small savings (and growing those savings by investing) can be.

For example, if you invest one month's CERB (and \$50 each month afterward) in a stock like **Element Fleet Management** ([TSX:EFN](#)), [a company](#) that has been growing its market value quite steadily since early 2018, you may build yourself a nice little nest egg. If the company can keep growing at the current rate of 11% a year (three-year CAGR), you can end up with \$16,200 in a decade.

Even if you need \$2,500 a month by then (thanks to inflation), you will have enough to survive on your own for almost six and a half months. There are other reasons to invest in this company as well. It has a decent balance sheet and is increasing its revenues at a modest pace and has a global presence. So even if it can't find enough traction to grow locally, its foreign business can keep the company moving forward.

Foolish takeaway

If CERB has been extended this far, it might continue till the end of the year, or even beyond – It's what many CERB recipients are currently thinking. But waiting for CERB to extend instead of trying to replace your income source might be equivalent to orchestrating your own financial doom.

If you're having trouble finding work within your industry, you may need to cast a wider net and start looking into alternatives.

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