



Canada Revenue Agency: \$2,000 CERB Worked Like a Charm

Description

Is there something more the Canada Emergency Response Benefit (CERB) has given displaced Canadians besides [a pandemic lifeline](#)? There's an unexpected outcome from the \$2,000 cash per month the Canada Revenue Agency (CRA) is disbursing since March 2020.

CERB gave recipients the impetus to save rather than spend the entire taxable benefit. The government's flagship COVID-19 program worked like a charm. It shows that Canadians value every CERB dollar. Otherwise, why will the household savings rate reach a record-high 28%?

Unspent CERB

The annualized 38.7% plunge in Canada's gross domestic product (GDP) in the second quarter of 2020 is, by far, the economy's worst contraction ever. However, despite the [massive government spending](#) on CERB, Statistics Canada is reporting in household disposable income. About one-third of a family's income is federal aid.

Although the share of government transfers to household coffers is unprecedented, the temporary economic support saved the economy from total collapse. The good news is that much of the aid remains unspent.

The improvement in household balance sheets was a contributing factor to GDP recovering beginning in May. Data also reveals there was a sharp pullback in household spending. It's a positive development because it should support consumer spending in the second half of 2020.

Economists estimate a 41.1% annualized rebound in the third quarter, although it hinges on the recovery pace. The near future remains uncertain since the evolution of COVID-19 is still ongoing at home and abroad. Nonetheless, the signs of recovery are evident.

Make saving and investing a habit

The highest-ever savings rate only shows that when push comes to shove, Canadians know what to do. But why wait until the going gets tough before taking action? You can save and invest whenever

possible so you can avoid financial hardships and not be over-dependent on federal aid when a crisis comes.

An investment in **TELUS** (TSX:TU)([NYSE:T](#)) should help you build an emergency. The second-largest telecommunications company in Canada is a generous income provider. Its dividend streak of 16 years makes it a dividend all-star.

If you take a \$20,000 position today at \$23.80 per share, the earning from its high 4.74% dividend yield is \$948. People owning \$506,500 worth of TELUS shares earn \$2,000 per month, or the CERB equivalent monthly. More importantly, keep the telco stock as long as you want to receive an uninterrupted income stream.

There's no doubt that companies providing telecommunications and internet services will be the top investment choices of income investors of all ages. The advantage with TELUS is that its world-class network is unmatched (72.7 mbps is the fastest download speed).

Homes, offices, schools, and government agencies would need TELUS's wireless and wireline networks more than ever. The internet, in particular, is a 24-hour necessity and no longer a luxury. Connectivity is now part and parcel of everyday living.

Grow your savings tenfold

The truth came out because of CERB. Canadians will save money if pushed to the wall. But it would best to have the resolve and financial discipline to see it through. Don't wait for another crisis to happen. You can grow your savings tenfold today.

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