



Will CERB Be Extended Again?

Description

The Canada Emergency Response Benefit (CERB) has been immensely successful. At its peak, over eight million people were directly supported by the program. However, now that the program is ending, many Canadians face an uncertain path ahead. Will CERB be extended again? Here's a closer look.

The economic outlook

Recent data suggests Canada's economy is still struggling. The unemployment rate is 10.2%, the highest rate in the G7 group of countries. By contrast, unemployment is 8.4% in the United States and 4.4% in Germany.

Meanwhile, the number of coronavirus cases has been surging across the nation in recent weeks. Some of the largest provinces, such as Ontario, are considering another lockdown. That could have devastating effects on the economy and spike the unemployment rate much higher.

This means millions of Canadians will need extended support from the government. Citizens are now wondering if CERB be extended again.

Will CERB be extended again?

Just a few weeks ago, the government added \$37 billion to [extend CERB](#). This prolongs the benefit for millions of applicants. However, the government also declared its intention to eventually shut the program down and replace it with alternatives such as the new Canada Recovery Benefit (CRB).

As the name suggests, the program is designed with an economic recovery in mind. However, if there's another wave of virus cases and the economy is shut down again, the recovery could be compromised. Millions of people who do not qualify for the new programs could be left vulnerable. The government may have to extend the existing CERB program under these circumstances.

However, this is far from certain. Predicting how the economy or the government will act in the months ahead is a fool's errand. Instead, ordinary Canadians should attempt to create their own source of passive income.

Create your own CERB

Creating a stream of passive income from dividend stocks could take years, but it will keep you prepared for the next crisis. You don't even need to pick individual stocks to achieve this. An exchange-traded fund that tracks high-yield dividend stocks, like **BMO Canadian Dividend ETF** ([TSX:ZDV](#)), is a great bet.

BMO's dividend ETF offers a 5% dividend yield. There's also an option to reinvest the dividends over time to accelerate your gains. The fund's top holdings, such as **Enbridge**, **Bank of Nova Scotia**, and **Emera**, should deliver sizable capital appreciation over time. In other words, setting aside a few thousand dollars in this ETF every year will help you create your own CERB before the next crisis.

Alternatively, you could focus on high-yield dividend stocks directly. Enbridge, for example, provides an 8% dividend yield at the moment. At that rate, your initial investment could double every nine years if you reinvest the dividends. In the next crisis, the 8% dividend yield could provide passive income to sustain your living expenses.

Will CERB be extended again? If you follow this dividend strategy, you might never need to worry about that ever again.

Bottom line

Canada's economic recovery could be compromised by a second wave of COVID-19. Will CERB be extended again? Perhaps. But if you secure yourself with high-yield dividend stocks, you may never need to worry about government benefits again.

CATEGORY

1. Coronavirus
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Date

2025/09/05

Date Created

2020/09/18

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