



The End of CRA CERB Will Impact Around 3 Million Canadians

Description

September is a crucial month for Canadians, as this will be your last Canadian Emergency Response Benefit (CERB) check. Life beyond the CERB is confusing as the government's CERB alternatives have many grey areas. The CERB officially ends on September 26. Beyond this, Employment Insurance (EI) and Canada Recovery Benefit (CRB) will replace the CERB.

The rocky transition from CERB to EI/CRB

The problem area is that no legislation has been passed yet on these [CERB alternatives](#), and it won't be passed until the House of Commons comes back on September 23. The alternatives would go live on September 27. So the Canada Revenue Agency (CRA) and Service Canada have just four days to set up the website and complete the process to implement the transition.

Let us assume that the CRA has already prepared everything and is just waiting for the legislation to be passed to make new benefits go live. But Canadians are still confused and will need time to understand the new benefits and resolve their queries. All this is unlikely to happen in four days. This transition from CERB to EI/CRB spells confusion and uncertainty. This not-so-smooth transition could impact around three million Canadians.

October would be a tough month for three million Canadians

The Canadian Centre for Policy Alternatives (CCPA) Senior Economist David Macdonald crunched some data and [identified that some 2.7 million Canadians](#) will be affected by the CERB transition. He noted that 4.03 million Canadians received CERB in September. Of these 4.03 billion, 2.1 million will be eligible for EI, almost 900,000 for the CRB, and 184,000 for the Canada Recovery Caregiving Benefit (CRCB).

Almost half a million CERB recipients would not be eligible for any of the CERB alternatives. This could either be because they exceed the income cap of \$38,000 when the benefit starts fading or don't meet the income floor of \$5,000.

Even for the 3.5 million CERB recipients, many will receive less than \$500 a week under the EI and CRB. There would also be some administrative difficulties. People who have been receiving CERB from the CRA and are eligible for EI will have to manually transfer to Service Canada. Moreover, the government agencies will pay recovery benefits after the end of the benefit period.

When the government passes the recovery benefits legislation, it might make eligibility more complicated. For instance, the proposed CRCB will give \$500 a week to Canadians who are not working as they are caring for dependents because schools and care facilities are closed due to lockdown. The government might add a condition requiring the beneficiary to prove that caregiving has reduced his/her working hours by 60% or more.

Many changes are coming, but nobody knows what they

Make the most of your CERB

If you depend on the \$2,000 CERB for your living expenses, October could be a tough month for you. You should prepare in advance as the CERB alternative will not be available until the end of October. Canadians who have been saving a portion of their CERB in high-growth stocks like **Shopify** ([TSX:SHOP](#)) ([NYSE:SHOP](#)) and **Lightspeed POS** ([TSX:LSPD](#)) have been withdrawing their savings to prepare for the October expenses.

Hence, these stocks fell 20% and 18%, respectively, so far this month. These stocks would fall further as they spend their entire September CERB towards the end of the

Don't sell these stocks at this point as you won't get the desired price. Moreover, Shopify and Lightspeed will grow further in the post-pandemic economy as more retailers subscribe to their platforms. Instead, sell any of your other investments that haven't generated returns or are badly hit by the pandemic.

For instance, if you have invested in bank stocks or airline stocks, encash that amount. These stocks may not give you decent returns for at least a year.

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