



Is the CRA Extending the CERB Again?

Description

The Canada Emergency Response Benefit (CERB) has proved to be the most successful benefits program of the Canada Revenue Agency (CRA) to date. The \$2,000 monthly benefit check helped almost 8.8 million Canadians pay for their bills and food at the peak of the COVID-19 pandemic. The pandemic cost most Canadians their jobs. The unemployment rate surged to 13.7% in May.

But the CERB helped four million Canadians return to work, thereby reducing the [unemployment rate to 10.2%](#) in August. But even this rate is high compared to the 2009 peak of 8.7%. Those working in retail, travel, and hospitality are still struggling. They still need the CERB to feed their family.

The CERB extension

Initially, the CRA launched the CERB in April for 16 weeks from March 15 to July 4. It believed that things would normalize when the lockdown is eased in July. But that didn't happen. Some industries and provinces were still under lockdown. Hence, the CRA extended the CERB by another eight weeks to August 29.

The economy showed signs of improvement with many Canadians returning to work. Most of these jobs were part-time workers. While provinces have opened, there are not many jobs in certain industries. The CRA once again extended the CERB by four weeks to September 26.

Will the CRA extend the CERB again? The Canadian government made it clear that the emergency benefits are temporary and will end. Instead of extending the CERB, it has announced an extension of the benefit plan, which is focused on recovery rather than an emergency.

The CRA will extend the CERB by another 26 weeks but under two different programs: the Canada Recovery benefit (CRB) and the new Employment Insurance (EI). The new programs will be more stringent than the CERB and pay \$1,600, instead of \$2,000 for four weeks. These programs will go live on September 27 and reward you for returning to work.

There were complaints that the generous \$2,000 CERB payment [disincentivized Canadians from returning to work](#)

at a lower salary. The new benefits will address this issue. But the first month will be full of chaos, as millions of CERB recipients transition to new benefits.

Create your CERB

It's always better to have a personal emergency fund rather than rely on the government to come up with a plan like the CERB. It's better late than never to create a personal CERB using your Tax-Free Savings Account (TFSA).

When investing for an emergency fund, it is good to look for a stock that is resilient to the pandemic or gives assured returns. Logistics is a resilient business; it will make money even in a downturn, unless teleport technology becomes a reality.

Descartes Systems ([TSX:DSG](#))([NASDAQ:DSGX](#)) is a quality growth stock that can keep your emergency money safe during the downturn and grow it in an upturn. The company provides logistic and supply chain management solutions to enterprises for whom logistics is a crucial operation. Its stock has surged at a CAGR of 20% in the last five years.

What makes Descartes resilient is the level of diversification across its offerings, customer base, geography, and logistics medium. It helps transit goods, people, and information through rail, road, air, and water, and cater to the end-to-end supply chain process. Customers can even use Descartes's services for one transaction.

In 2018, the U.S.-China trade war increased demand for its tariff and duty content and Denied Party Screening solutions. The pandemic has created a surge in e-commerce orders, driving demand for its e-commerce solutions. Hence, Descartes stock surged 20%,

Investor corner

If you invest \$400 every month in Descartes for the next 10 years, you will contribute \$48,400, and you will have \$140,201, in your TFSA. This calculation assumes that the stock continues to grow at a CAGR of 20%. Even after factoring in inflation, an amount of \$140,000 can give you a CERB of \$4,000 for over 30 months.

CATEGORY

1. Coronavirus
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1. NASDAQ:DSGX (Descartes Systems Group)
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