What's Next After the CRA's CERB for Canadians?

Description

The government announced the Canada Emergency Response Benefit (CERB) program to help millions of Canadians impacted by the COVID-19 pandemic. Canadians eligible for the CERB would have received $500 a week for a period of 28 weeks. However, this federal benefit is coming to an end this month

Canada's unemployment rate remains high at 10.2% in August, though it has declined from 10.9% in July. So, how do the Canada Revenue Agency (CRA) and the federal government plan to help you once the CERB has ended?

CERB recipients will transition to EI

In August, the Justin Trudeau-led government announced changes to the employment insurance (EI) program and new income support benefits for Canadians. The EI program provides temporary support to unemployed workers and workers receive these benefits only if they have paid premiums in the past year.

This has now been amended to include Canadians who would have not qualified for EI in the past, which has added 400,000 people in the program. The people receiving EI will be eligible for a taxable benefit rate of at least $400 per week or $240 per week for extended parental benefits.

The CRA will implement three new benefits that include the Canada Recovery Benefit (CRB), which will provide $400 per week for up to 26 weeks to workers who are self-employed or not eligible for EI and require income support. This will support Canadians whose income has dropped due to COVID-19.

There is also the Canada Recovery Sickness Benefit (CRSB), which will provide $500 per week for up to two weeks for workers who are sick or must isolate due to COVID-19.

The Canada Recovery Caregiving Benefit (CRCB) provides $500 per week for 26 weeks perhousehold for people who must take care of a child under the age of 12 or a family member with adisability due to the closure of daycare and other facilities amid the pandemic.

The government confirmed it will freeze EI insurance premium rates for two years, so workers and businesses will not face immediate increases to costs and payroll deductions.

The pandemic has emphasized the importance of passive income

While the CRA and the government are trying their best to provide financial assistance to residents, they will provide temporary relief. We have seen how fickle the economy can be, and the pandemic has shown us the importance of creating multiple income streams.

You need to start saving early and create a nest egg that will help you generate a steady stream of recurring income. One such way is by holding quality dividend stocks such as **Fortis** (TSX:FTS)(NYSE:FTS).

Fortis is a Canadian utility giant that is trading at $52.6 with a forward yield of 3.63%. This means a $10,000 investment in the stock will generate $363 in annual dividend payments. Further, investors can also benefit from long-term capital gains, and the stock has returned 71% in the last 10 years.

Fortis has $57 billion in assets and has a presence in Canada, the U.S., and the Caribbean. Its portfolio of power generation, electricity transmission, and natural gas distribution businesses ensure a steady stream of cash flows, making its business recession-proof.

Fortis is part of a regulated industry, and with interest rates nearing record lows, the company has access to cheap debt capital. It has invested $19 billion in capital projects, which will help Fortis to increase rate base significantly in the next few years and help it maintain as well as increase dividend payouts.

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