



Good News: CRB Just Got a 25% Boost

Description

There's no doubt now. The newly introduced Canada Recovery Benefit (CRB) is the new Canada Emergency Response Benefit (CERB). Yesterday, the government announced the CRB weekly payments would be boosted from \$400 to \$500. That means Canadians eligible for the program can expect a 25% jump in benefit payments.

The CRB is intended to cover people currently receiving CERB payments who would be ineligible for other Employment Insurance programs when CERB ends. This boost to the program before it's even been fully implemented is a sign that the government sees more need for fiscal stimulus in the year ahead.

Here's what you need to know about this upgrade to CRB and how you can use it to secure your finances forever.

CRB expanded

Expanding the CRB program is a clear sign that the government will not extend the CERB, despite the swirling rumours. Instead, this new program could deliver the same level of benefit to a smaller cohort of applicants. That means the program isn't as expensive as CERB, but applicants don't have to compromise on support either.

Eligible workers under the new CRB program can expect payments of \$500 per week for up to 26 weeks between September 27, 2020, and September 25, 2021. Recipients can earn up to \$1,000 a month beyond the program. They must pay 50 cents on every dollar earned over \$38,000 over the next year.

Effectively, this program adds a stimulus to the economy for households and business owners. Higher consumer spending should ultimately be reflected in better sales and profits for Canada's largest publicly listed stocks. That's why savvy CRB applicants can use this program to secure their finances for the long haul.

Using the 25% boost

Since CRB is only days away from being implemented, it's likely that you planned your budget around the original \$400 weekly payments. If that's the case, this extra \$100 a week comes as a pleasant surprise. However, saving and investing this spare cash instead of spending it could help you create your own CRB in a few years.

For example, if you set aside \$100 a week for the full 26 weeks under the program, you'd have \$2,600 by mid-2021. Deploying that in a [robust dividend stock](#), like **TransAlta Renewables** ([TSX:RNW](#)), could boost your capacity to generate passive income.

TransAlta currently offers a juicy 5.85% dividend yield. This dividend is paid out monthly, which means a \$2,600 investment could deliver \$12.67 in monthly dividend payments. Alternatively, you could choose to reinvest the dividends to help it grow over time.

If you invest \$2,600 in TransAlta stock today, reinvest the dividends every year, and assume 6% annual growth for the dividends and stock price, respectively, your investment could grow to \$7,781.80 by 2030. In other words, you can triple your investment in fewer than 10 years simply by forgoing the dividends.

The best part is that TransAlta's business model is incredibly predictable and reliable. The transition from fossil fuels to cleaner energy is likely to cost trillions of dollars and take several decades. You can be sure TransAlta's wind turbines and hydro plants will be as lucrative in 2030 as they are today. That makes it easier to make a decade-long bet.

Bottom line

CRB has been boosted by 25%. Savvy investors can deploy the spare \$100 to secure their future.

CATEGORY

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