



Revealed: 3 CERB Extension Options!

Description

The Canada Emergency Response Benefit (CERB) has helped millions of Canadians who couldn't work due to the pandemic put food on the table.

Many were worried that the CERB would not be extended again. However, indeed, the CERB is being extended via two programs.

My fellow Fool colleague, Puja Tayal, [explained](#), "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."

Other than these two CERB extension options, there's a third one that you can put in your own hands: buying solid dividend stocks powered by businesses that will become more valuable over time.

Create your own CERB from dividend stocks

If you have savings, you can create your own CERB immediately by investing in dividend stocks. To generate \$1,600 a month or \$19,200 a year, you'll need to invest \$480,000 on a 4% yield. You can reduce the investment amount by nearly \$100,000 to exactly \$384,000 by getting a 5% yield. On a 6% yield, you only need to invest \$320,000.

By buying the same amount in the three dividend stocks below, you'll get a starting yield of close to 5.7%. Based on this average yield, you'll need to invest about \$338,824 to get an annual income of \$19,200.

There are lots to rejoice about this set-up. It's passive income, which means after buying the shares, essentially you can sit back and watch the dividend money roll in. Additionally, this income will increase over time, as these businesses hike their payouts.

Without further ado, here are the three dividend stocks.

Enbridge stock

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) currently offers a whopping 8% dividend yield. This payout is powered by North America's largest energy infrastructure network.

[Enbridge](#) generates largely predictable cash flow from its utility-like assets. It receives cash flow from more than 40 sources across its liquids pipelines, gas transmission, gas distribution and storage, and power assets. 98% of its cash flow is predictable.

It primarily provides essential products and services to a resilient, investment-grade customer base. 95% of its counterparties are investment grade. Enbridge, itself, maintains a stable investment-grade S&P credit rating of BBB+.

ENB stock's payout ratio will be sustainable at about 70% this year. Its dividend is favourably taxed in a non-registered account thanks to the dividend tax credit for eligible Canadian dividends.

TD stock

Similar to Enbridge stock, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) also pays an eligible dividend. Year to date, TD stock has declined 14% and trades at close to a discount of 17% from its normalized levels.

In a normal market, it would be attractive to buy TD stock at a 4% yield. The stock is depressed from the pandemic-disrupted North American economy. That's why it's a good opportunity to grab the quality bank at an incredible yield of 5%, which is 25% greater than the 4%.

As the economy improves over the next few years, the bank's share price will also improve. In the meantime, investors can collect a nice dividend income.

Brookfield Infrastructure

Another dividend stock I absolutely love is **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)), which I hold in both my TFSA and RRSP. BIP is a global owner, investor, and operator of quality infrastructure assets that have stable cash flows, high margins, and internal growth.

Investing in infrastructure around the world will be one way to help stimulate weakened economies due to the pandemic disruptions. Yet, governments are tight for cash. Thus, many top infrastructure-investing opportunities will rest on well-capitalized Brookfield Infrastructure.

The Canadian Dividend Aristocrat with 12 consecutive years of dividend increases currently offers a 4% yield. The stock is fairly valued and would be a wonderful buy on any meaningful dips — whenever the stock market provides that opportunity. For example, in the March market crash, the stock traded at below \$43 per share, a 33% discount from current levels.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks
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6. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:TD (The Toronto-Dominion Bank)

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Date

2025/07/06

Date Created

2020/09/28

Author

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