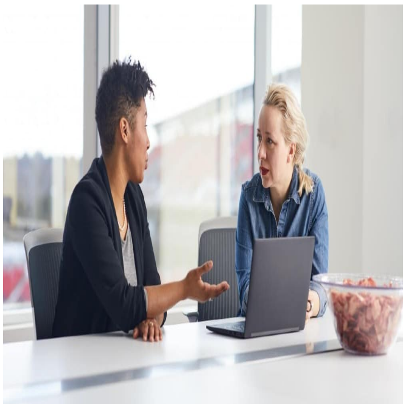

Canada Revenue Agency: Is the CRA Extending CERB Again?

Description

The CERB (Canada Emergency Response Benefit) is a financial benefits program introduced earlier this year by the Canada Revenue Agency (CRA). It has helped millions of people who have lost their jobs due to the COVID-19 pandemic. The CRA paid $2,000 a month to 8.8 million Canadians, and the total value of the benefits paid amounted to $79 billion.

The COVID-19 pandemic resulted in business shutdowns, which then resulted in a spike in Canada's unemployment rate that touched 13.7% in May. While this figure has moved lower to 10.2% in August, it is significantly higher than the 8.7% during the 2008-09 financial crisis.

We can see that citizens are not quite out of the woods and will require federal benefits for a few more months.

Is CERB extended?

The CERB was launched in April for a period of 16 weeks between March 15 and July 4. This retroactive payout had to be extended, as several industries, including retail, hospitality, energy, and airlines, were severely hit amid the pandemic.

While it was expected that things would normalize soon after the lockdowns ended, people continue to avoid public places and have delayed travel plans indefinitely. The CERB was then extended by another eight weeks to August 29 and yet again by four weeks to September 26.

However, the Justin Trudeau-led government has now confirmed that the CERB will not be extended further. Instead, Canadians will now transition to the Canada Recovery Benefit (CRB) and the revised Employment Insurance (EI) program.

The CRA announced temporary changes to the EI program to support Canadians looking for work. If you are eligible for the EI program, you will receive a minimum taxable benefit at a rate of $500/week. The CRB will also provide $500/week for up to 26 weeks to self-employed Canadians who areineligible for the EI.

How to create your own CERB?

We have seen the economy can shift from resilient to vulnerable in a matter of a few months. Yes, a pandemic is a once-in-a-lifetime (hopefully) scenario, but this is not the last economic recession of our lifetime.

It is said that economic cycles go from peak to trough every seven years. So, you need to be prepared for disruptions every few years. One way is by focusing on savings and building a nest egg for a rainy day.

You can identify blue-chip dividend stocks such as the **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) for your portfolio. BNS stock is trading at $56, which means it has a forward yield of 6.43%.

BNS is one of Canada's largest banks and is trading 27% below its 52-week high. Canadian banks are under the pump due to low interest rates, which have driven profit margins lower. Further, the spike in unemployment rates has increased the probability of loan defaults, making investors wary.

BNS saw its earnings fall by a massive 47% to $1.04 per share in the June quarter, while revenue was up 1% at $7.7 billion. However, the banking giant has survived multiple recessions, and its capital and liquidity ratios remain robust.

BNS has $600 billion in assets, a massive deposit base, and a strong regulatory environment that will help support its fundamentals. The stock is also trading at a low valuation, making it a top bet for income and value investors.

The Foolish takeaway

For you to earn $2,000 a month in dividend income, you will have to allocate about $375,000 in dividend stocks such as BNS that yield a tasty 6.4%. You need to identify a portfolio of companies that have strong fundamentals and trading at low valuations with attractive dividend yields.

If you save $2,000 a month for a period of 16 years, you should be able to generate $500 a week in dividend income.

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