



CERB Ends: Here's What Affected Canadians Should Do Now

Description

This is the [end of CERB](#) (Canada Emergency Response Benefit) as we know it. Affected Canadians that have still been rendered unemployed by the unprecedented COVID-19 crisis will be transitioning to a new-and-improved EI (Employment Insurance) program. The program is expected to be seamless, but in reality, some bumps in the road should be expected.

The CERB-to-EI transition comes at a time of profound uncertainty. With another second wave of COVID-19 looming, many Canadians are undoubtedly feeling anxious about their abilities to keep up with the high costs of living. The new EI program is said to be more flexible and accessible.

The original CERB program did its job, and it seems as though the federal government is trying to get a more sustainable solution in place for those Canadians who may not be heading back to work once this pandemic finally ends.

Although the updated EI is more relaxed, with a wider door open to affected Canadians who've been laid off or furloughed due to the COVID-19 pandemic, the federal government is strongly incentivizing Canadians to return to work once they're able. As a result, EI recipients will need to self-report their employment status every two weeks to keep the benefits flowing.

Financial anxiety? Start a passive-income stream!

In the face of a potentially worse wave of COVID-19, Canadians should expect the odd delay to government transfer payments. And for former CERB users who have difficulty getting on the updated EI program, there are other options that provide more security. If you're fortunate enough to have saved a substantial nest egg for yourself, you may have enough principal to create a sustainable passive-income stream that can help support you through these rough times without running the risk of eating into your principal.

There's no telling if the new version of EI will be as smooth as CERB. As such, it's nice to have additional income flowing in to help you better navigate this horrific crisis that could easily worsen before it gets any better.

Fortunately, after the vicious February-March sell-off, there are still ample high-yield securities that remain in the bargain bin. Many firms in the most-affected industries (energy, financials, real estate, which coincidentally comprise a massive chunk of the **TSX Index**) are still in the bargain bin, with swollen (but still safe) dividends and distribution yields.

A smart way to supplement CERB and EI benefits

One of my favourite income-paying securities at this juncture is [battered](#) retail real estate play **SmartCentres REIT** ([TSX:SRU.UN](#)), which I view as a baby that's been thrown out with the bathwater. Yes, retail real estate is among the most unattractive places to be amid this pandemic, and the collapse in the share price reflects such. Shares of the REIT yield a whopping 9.2% at the time of writing, and it's on far more stable footing than most of its peers, making the name perfect for former CERB users looking to beef up their income.

While SmartCentres is a direct play on one of the weakest areas of the economy (retail and real estate), I find that most investors are severely discounting the resilience of the REIT's cash flows. SmartCentres already demonstrated its stability in the first half. The distribution held up in the face of a crisis, and I think it'll do the same if we are headed for a repeat of the devastation that happened in the first half.

While SmartCentres has witnessed a modest bump in the road with regards to rent collection from some of its weaker retail tenants, a vast majority of Smart's tenants will have little problem making rent should another wave of shutdowns be in the cards. A good chunk of Smart's tenant base is comprised of retailers that provide "essential" goods and services. Many such essential tenants will keep their doors open during potential reopening rollbacks, which puts SmartCentres's distribution on relatively solid footing.

The Foolish takeaway for CERB and EI users

For CERB users a bit worried about the transition to EI, there's never been a better time to supplement your income with the battered bargains out there. SmartCentres REIT is my top pick for those who seek decent value and significant monthly income.

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1. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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