



Confused About the CERB Transition to EI? Here's What You Need to Know

Description

The CERB has finally come to an end. This past Sunday, the last eligibility period for the \$500/week benefit came and went, marking the end of Canada's biggest COVID-19 financial aid package. While recipients can still get the benefit retroactively, the program is over for most Canadians.

That doesn't mean that you can't still get \$500 a week, however.

If you're still unemployed, you can qualify for a new, expanded form of EI. The new EI is similar to traditional EI you may be familiar with, but has an increased \$500 a week floor. That means you'll get \$500 a week at a minimum no matter how much you earned.

Unfortunately, many Canadians are still confused about the transition to EI. Recently, *CTV News* reported that many Canadians felt "*left in limbo*," uncertain about their eligibility. The article went on to report the stories of many Canadians unsure whether they'd ever get the proposed new EI.

If you're in this boat, don't worry. While EI is not the same as the CERB, you should be able to get it. As you're about to see, there's a new benefit packaged in with the expanded EI that dramatically increases coverage. Even if you wouldn't normally be able to get EI, you should be able to get it now. I'll explain how in a minute. First, though, let's look at what exactly the CERB is being replaced with.

The CERB is being replaced by EI and recovery benefits

In October, the CERB is being replaced by two new programs:

- Revamped EI
- [Recovery benefits](#)

Revamped EI functions like the old EI system from before the CERB. However, there's a minimum payment of \$500 a week, and the [number of hours needed to qualify is lower](#). Recovery benefits have the same \$500 floor as the new EI, but without the potential to get more than that.

Also, the eligibility criteria are more lenient. If you're a self-employed person who has never paid EI premiums, you'll be able to get recovery benefits (assuming the pending legislation passes).

How to qualify

To qualify for the new EI, you need to meet the following eligibility criteria:

- Have a social insurance number.
- Have worked at least 120 hours.
- Be at least 15 years old.
- Have stopped working due to COVID-19 *or* be eligible for regular EI.
- Have earned at least \$5,000 in the past 12 months or in 2019.
- Have not earned more than \$1,000 in the last 14 days.

If you want to apply for recovery benefits, on the other hand, you specifically need to *not* be eligible for EI. Other than that, the eligibility standards are similar.

Foolish takeaway

After being increased to \$500 per week, the new EI and recovery benefits now match the CERB. That means you can get up to \$2,000 a month when unemployed. That's a lot more than EI typically paid before.

To illustrate how much \$2,000 could be worth, let's imagine that you invested that much money in **Fortis Inc** ([TSX:FTS](#))([NYSE:FTS](#)) stock. Fortis is a dividend stock that yields 3.7% at current prices. That means you get \$74 back a year in cash payouts on \$2,000.

That would add up to \$740 over 10 years. If, over a 10-year period, your Fortis shares doubled in value, you'd earn a total return of \$2,740. That is, a \$2,000 capital gain, and \$740 in dividends—assuming the dividend was never increased.

In fact, the dividend probably *will* increase, as Fortis' management plans to raise the payout by 6% a year over the next five years. But even assuming an *unchanged* dividend and a 100% stock price increase in 10 years, you'd earn a mighty return on your investment.

And all it would take to get started would be a \$2,000 investment!

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