



## How Much to Invest to Replace CERB Paychecks?

### Description

The Canada Emergency Response Benefit (CERB) program finally came to an end on Sept. 27 after processing over 26.97 million applications and paying over \$79.30 billion in benefits to over 8.8 million recipients. There's an urgent need to find CERB alternatives for October and going forward.

As the CERB program ends, the \$2,000 a month payments are no more. Millions of remaining beneficiaries are expected to migrate to other benefit programs created by the federal government. The aim is to cushion Canadians from the economic hardship created by the COVID-19 pandemic while encouraging them to seek employment.

Canadians are looking to the government's other economic recovery benefits to replace the CERB's \$2,000 monthly paychecks the program had provided for the past 28 weeks. Recovery benefit applications will commence in October.

### CERB alternatives available in October

Four CERB alternatives are available from October. These include Employment Insurance, for which applicants need to demonstrate just 120 insured hours to qualify for EI payments. There's also the Canada Recovery Benefit (CRB) for self-employed individuals, the Canada Recovery Sickness Benefit (CRSB), and the Canada Recovery Caregiving Benefit (CRCB). Fellow [Fool contributor Puja Tayal outlined them all here](#).

However, there's a chance that not everyone will be eligible for EI and the other three recovery benefits. Moreover, the recovery payouts may not fully replace the \$2,000 CERB monthly payout.

Given such a scenario, affected Canadians may need to look to other income sources to augment or replace recovery benefits payouts. One alternative is to look into one's savings and investment portfolios for monthly income.

## How to replace CERB payments?

The best and easiest way to replace CERB paychecks is to apply for EI or any one of the available recovery benefits. EI could pay a minimum of \$500 a week and up to \$847 weekly, while other recovery benefits range from \$400 per week.

That said, there are several ways in which one can generate the desired \$2,000 a month or \$24,000 per annum from an investment portfolio. Our functional capital markets can offer many alternatives for regular income needs.

The allure of day trading for income draws many millennials. However, day trading for a living isn't everyone's game. You can blow off an account or two in no time, even in one day if proper risk management techniques aren't being applied. The risk of losing capital in day trading is just too high. If you are good at it though, day trading requires the least amount of capital to generate a decent income.

Alternatively, capital can be deployed in monthly pay dividend stocks with safe, well-covered dividend payouts. The current yield on the stock is a key determinant of how much investment capital you need to create a \$2,000 monthly withdrawals without touching your capital.

Notably, lower and safer yields will require the most capital, while higher and riskier yields will require lower capital deployments.

## Which dividend stocks should you buy?

Consider a 7% yielding dividend stock like a currently beaten-down **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)). NorthWest Healthcare is one defensive and internationally diversified real estate play that enjoys income protection from public healthcare funding. Cash flows were largely unaffected by the COVID-19 pandemic.

The REIT essentially collected about 97.6% of portfolio rent during the worst part of the pandemic. Its normalized AFFO payout rate was a safe 87% for the second quarter. Most noteworthy, the trust's growing international property portfolio had a strong and stable 98.8% occupancy rate. The total portfolio has a very long average lease expiry of 14.5 years. The portfolio can sustain regular monthly distributions for a very long time.

To get \$2,000 monthly from NorthWest Healthcare Properties REIT, you will need to invest about \$343,000 buying the REIT's equity units at current prices of about \$11.30 per unit.

You could opt for other safe income plays like **Fortis Inc** ([TSX:FTS](#)). The utility's 3.7% yielding dividend will require nearly \$650,000 in capital to give you back \$24,000 annually. Such capital amounts could be beyond the majority of us. That said, even small deployments will help reduce the deficit from a suspended CERB program.

## Foolish bottom line

We need to save significant sums to live off our investment portfolios. Other recovery benefits will help

replace CERB paychecks for now. As the economy recovers, let's keep saving and investing our way to financial freedom.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

1. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

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## Date

2025/09/10

## Date Created

2020/09/29

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