



CERB 2.0: Parliament Votes YES on 3 \$500/Week Extended Cash Benefits!

Description

Last night, Parliament voted unanimously to approve three cash benefits to replace the CERB. In a vote that passed 306-0, the government said “yes” to the new benefits, all paying \$500 a week. After months of wondering whether the CERB will be extended again, Canadians now officially know what’s in store. There’ll be no more CERB extensions, but three new benefits that pay just as much ... possibly more. In this article, I’ll be exploring those three new benefits in detail.

Revamped EI

[Revamped EI](#) is the biggest CERB replacement that passed last night. It’s similar to the original EI but with a lower hours requirement (120) and a \$500 floor. This means that if you get EI in October, you’ll get at least \$500, even if your hours would normally qualify you for less. You can also earn over \$500 a week if you max out your earnings. So, this [CERB replacement benefit](#) has the potential to pay more than the CERB itself did.

Canada Recovery Benefits (CRB)

The CRB is the second new CERB replacement being rolled out. Of the three new benefits, this one is the most similar to the CERB. It pays a flat \$500 a week — unlike EI, this one can’t go higher than that. Also, to qualify for it, you need to be ineligible for EI. That mainly applies to self-employed people and small-business owners.

Caregiver Benefits

Finally, we have the Canada Recovery Caregiver Benefit (CRCB). This is a \$500-a-week benefit for people who have dependents. To qualify, you need to care for either a child under 12 or someone with a disability. To receive this benefit, the dependents in your care need to have been impacted by COVID-19 (i.e., be at home due to school closures).

This benefit is similar to EI and CRB in terms of what it pays. However, the eligibility standards only require that you have left work to care for a dependent. In other words, with this benefit, you're allowed to have left work voluntarily. With the CRB, you can only qualify if your unemployment was beyond your control.

Foolish takeaway

All of the three new COVID-19 benefits approved last night pay \$500 a week at minimum. EI can actually pay more, but \$500 a week is what most recipients will get. Each of these benefits can be received for up to 26 weeks. That means that these benefits can pay up to \$13,000 over their entire duration.

\$13,000 is not an insignificant sum of money. As proof, we can look at how much it could grow to if you invest it.

Imagine that you invested \$13,000 in the **iShares S&P/TSX 60 Index Fund** ([TSX:XIU](#)). According to BlackRock, that fund has a 6.6% annualized return. That includes both capital gains and dividends. Let's assume that that return continues over the next decade. With \$13,000 invested, your money would grow to \$24,632 over the course of 10 years. That's with XIU, a very conservative fund that's weighted in heavily in banks and utilities. And you could pocket every penny of that return tax-free if you held the portfolio in a TFSA.

That's not to say that you *should* invest your CRB, EI, or CRCB in the markets. Daily necessities always come first. But as the above analysis shows, \$13,000 has a lot of potential — whether you invest it or spend it on your day-to-day needs.

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