CERB Extension: Are You Eligible for the CRB or the EI?

Description

The Canada Revenue Agency (CRA) has paid close to $80 billion via the CERB (Canada Emergency Response Benefit) to 8.8 million Canadians since April 2020. This retroactive payment has helped ease the financial burden on people who lost their jobs due to COVID-19.

Canada's unemployment rate was well over 13% in May 2020. While it has now declined to 10.2%, millions of residents are still grappling with job losses. The CERB was a federal benefit that helped Canadians pay their bills during these uncertain and tumultuous times. The payout was extended several times, but it came to an end on September 26.

From CERB to CRB and EI

While the CERB payouts have expired, the Canadian government is still providing help via federal programs, such as the Canada Recovery Benefit (CRB) and a revised Employment Insurance (EI) program.

These programs also offer Canadians $500 in weekly payment for up to a period of 26 weeks, taking the maximum payout to $13,000.

However, the CRA scrapped the requirement where the claimant should have earned less than $1,000 in working income to claim the benefit. This eligibility came under fire, as it discouraged people who earned lower than $2,000/month from rejoining the workforce.

Instead, the Canada Revenue Agency tweaked the requirement and said it will provide benefits to Canadians whose income has been slashed by over 50% amid the pandemic.

Under the revised structure, you can claim CRB even when you are working. However, if the total income you receive exceeds $38,000 (this includes the CRB payments), the CRA will claw back 50% of the excess amount.

For example, if you earned $40,000 in 2020, including $4,000 in CERB, the CRA will claw back 50%, or $1,000, of the income in excess of $38,000.

Create a passive-income stream similar to CERB

If you are fortunate enough to have survived the COVID-19 pandemic and still have a job, you need to focus on creating a passive-income stream. We have seen the fickle nature of the global economy, which has decimated multiple sectors and rendered millions jobless.

The nature of economic cycles is such that they will occur in the future as well, and this time you can be prepared. Investing in blue-chip dividend stocks such as **TC Energy** (TSX:TRP)(NYSE:TRP) can help you build long-term wealth.

TC Energy is a Canadian energy infrastructure heavyweight and is currently trading at $57.9, indicating a forward yield at 5.6%. It has a robust business model, as the company's operating assets are backed by long-term contracts.

This makes TC Energy immune to fluctuations in commodity prices and volumes. According to management estimates, its earnings are expected to grow at an annual rate of 8% through 2022. This will help it grow dividends by 8% and 10% in 2021 and between 5% and 7% post-2021.

TC Energy's strong balance sheet and a conservative dividend-payout ratio make it a top dividend-growth stock to buy and hold over the upcoming decade.

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