



Will the CERB Be Extended in October?

Description

This October, the CERB is expiring. And this time, there are no further extensions coming. Over the summer, the Federal Government announced the last CERB extension while the program was still active. As of September 27, the last payment period had expired. In October, the last payments will be sent out. While you'll still be able to apply for retroactive payments as late as December, the program is effectively done.

That's the bad news.

The good news is that the CERB is being replaced with something even better. Between the newly revamped EI and [Canada Recovery Benefit](#) (CRB), most people who got the CERB will still be able to get paid. In fact, this time around, you may actually be able to get *more* money than the CERB paid out. I'll explore how that works in just a minute. First, though, let's look at what the CERB is being replaced with.

EI and recovery benefits

There are basically three programs being rolled out to replace the CERB:

- Revamped EI
- CRB
- A \$500-a-week [caregiver benefit](#).

The last item on that list is specifically for parents with children, so I'll focus on the first two, which apply to all unemployed Canadians.

Revamped EI is the main CERB replacement that most unemployed Canadians will apply for. It's similar to the old EI you're familiar with, but with a lower hours requirement (120 hours), and a \$500-a-week floor. The \$500 floor is a minimum. If you worked the maximum number of hours, you can get more than that. In this respect, the new EI system is better than the CERB.

Then there's the CRB. This is similar to the CERB, but it's specifically for people who aren't EI eligible. In practice, that largely means the self employed and business owners. Think about hairstylists who were forced to stay home because of COVID-19. They would be prime candidates for the CRB. Generally, this program is similar to revamped EI. However, the \$500 a week can't be exceeded in the case of CRB.

Foolish takeaway

The smooth transition from CERB to EI will be a victory for Canadians. By providing continued aid to unemployed people, it will help many stay afloat.

It may also be a boon to investors.

The economy depends heavily on consumer spending, and in times of unemployment, government benefits can keep that spending going.

Consider a company like **Loblaw** ([TSX:L](#)). Loblaw is a company that earns money directly from the consumer. Its products are grocery items that people depend on in their day-to-day lives. In recessions, consumers generally keep spending money on staples. But they tend to cut back.

Without supports like the CERB, EI and CRB, companies like Loblaw may see their earnings take a hit. Particularly if consumers switch to low-cost grocers like **Dollarama**. Thanks to government support, Canadians can keep spending on consumer items without penny pinching. That's a major boon to the economy.

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Author

andrewbutton

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