



CERB Extension: Here's All You Need to Know

Description

There's good news and bad news for Canadians using the Canada Emergency Response Benefit (CERB). Back on Aug. 20, 2020, Prime Minister Justin Trudeau hinted that the benefit would be coming to an end. Instead, the federal government would be looking for ways to get Canadians back to work.

When that was confirmed, Canadians had until their last 24 to 28 weeks was up, or Oct. 3, 2020 to collect CERB. But it doesn't mean that \$2,000 per month completely goes away.

The government understands that there will be future waves of the pandemic. COVID-19 is still very much a part of our lives, with hundreds of new cases across the country each day. That means many Canadians still face the real possibility of being out of jobs.

So, here is what the government came up with instead of CERB.

New and improved EI

The main reason that many people used CERB before is because they didn't qualify for Employment Insurance (EI) or had used it up. When CERB ends in October, this changes. Whereas before, you needed to have a job to qualify for EI, today the government understands you might be looking for a new job. The new program adds an additional 400,000 people who would qualify.

EI will now be a taxable benefit rate of at least \$400 per week for those that apply and \$240 per week if using parental benefits. The regular benefits would be available for at least 26 weeks as you try to get back to work. Meanwhile, there will be a freeze on EI insurance premium rates for the next two years, so businesses don't face additional costs.

More benefits coming

While CERB might be gone, there are more benefits being [proposed right now](#) and going through

parliament. It includes the Canada Recovery Benefit (CRB), Canada Recovery Sickness Benefit (CRSB), and Canada Recovery Caregiving Benefit (CRCB).

The three benefits are similar to CERB but are more specific on who can claim those benefits. CRB provides \$400 for up to 26 weeks for those still not eligible for EI and require income support while looking for work. CRSB provides \$500 per week for up to two weeks for those who must self-isolate for reasons related to COVID-19. Finally, the CRCB provides \$500 per week for up to 26 weeks per household for those who cannot work due to caregiver responsibilities. This includes Canadians looking after a child under 12 because daycares or schools have closed or due to high risk of contraction, or a family member who is dependent because a facility is closed or due to high risk of contraction.

Using those benefits

You absolutely need to use these [benefits towards](#) your daily living expenses. But if there is any you can set aside, invest it for a rainy day. If you're already out of work, now that you have benefits coming in, it can be tempting to spend. But I would put each and every paycheque in a low-risk investment that offers dividends. Then only take out the money once you need it.

For example, buying a solid bank stock like **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) means you'll have dividends from a bank that's been around for more than a century. Your investments would also remain tax free if you put them in a Tax-Free Savings Account. Meanwhile, you receive dividends of 4.52% as of writing, thereby growing your benefits by share price and dividend reinvestment.

I would definitely consider Royal Bank, as it's the largest by market capitalization, with over a trillion dollars in assets to lean on. It prepared for a recession and has plenty of diversified investments to see it through this downturn. This makes it a strong company for both during the economic downturn and to hold onto for years to come.

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