CERB Extension Into October 2020: Don’t Miss it!

Description

The Canadian government quickly put out the Canada Emergency Response Benefit (CERB) back in April to swiftly get relief money into the pockets of Canadians that needed it.

Fast forward half a year, and we’ve seen the end of the CERB. Well, it’s not exactly ending. It’s just changing in form, as the government gained greater clarity on the pandemic and adapted the CERB into new benefits programs.

CERB extension

Most Canadians who applied for the CERB through Service Canada will automatically be registered for Employment Insurance (EI).

If you applied for the CERB through the CRA, you’ll need to apply for EI through Service Canada.

Many parts of the economy remain shattered by the pandemic. Consequently, the government is introducing three new benefits programs to ensure affected Canadians can still put food on the table.

The Canada Recovery Benefit (CRB) safeguards self-employed Canadians whose income has dropped at least 50% but are not eligible for EI. The CRB allows them to receive $500 a week for up to 26 weeks. Nevertheless, they must be looking for work and must accept work where it is reasonable to do so.

The Canada Recovery Sickness Benefit (CRSB) protects sick workers or people who need to self-isolate due to COVID-19. The program provides $500 per week for up to two weeks.

The Canada Recovery Caregiving Benefit (CRCB) provides $500 a week for up to 26 weeks per household for eligible Canadians who can’t work, because they need to care for a child that’s 12 years old or younger due to COVID-19 closures of schools or daycare centres.

Create a CERB extension that lasts forever!

This pandemic will eventually come to pass. And the CERB extensions will go away for good.

However, it doesn't mean the income has to stop. *You* can create an income that lasts forever.

Billions of dollars of dividends are paid out from **TSX** stocks every year. **Royal Bank of Canada** alone paid out dividends of more than $6.2 billion in the trailing 12 months.

A big dividend stock

Brookfield Property Partners (TSX:BPY.UN)(NASDAQ:BPY) is a dividend stock that's too cheap to ignore.

The second-quarter rent collection of its retail portfolio was only 34%. However, rent collection in the subsequent months trended higher as the economy opened up.

There are also worries of the longevity of its office portfolio, as businesses shifted to a model that has workers working from home as much as possible.

The BPY stock price fell as low as $10 (US$7) when the market got really pessimistic. Investors who were courageous enough to jump in at those price points would be sitting on an 18% yield.

In reality, though, seldom do investors manage to buy at the lowest points. Even now, the stock is still very attractive, trading at about 40% its book value. The company buying back shares at the current cheap levels should boost shareholder confidence.

BPY Price to Book Value data by YCharts. Price to book value history of BPY stock.

Assuming a fair price to book of 60%, the stock would trade at US$18.37 per unit, which implies it's about 34% discounted from its fair value. In other words, the price target represents more than 50% upside potential!

Personally, I bought BPY shares during the March market crash that are now sitting on some incredible gains in my TFSA. The experienced management has what it takes to navigate the company through this crisis, as it has in previous crises.

BPY ended the second quarter with liquidity of US$6 billion, including US$1.5 billion of cash, which is more than enough to pay for one year of dividends.

The Foolish takeaway

The CERB is being extended through EI and other benefits programs. However, they aren't going to last forever. Thankfully, that implies the pandemic will end at some point.

Anyhow, the takeaway is that you should highly consider investing in a portfolio of dividend stocks you trust. This way, you can earn a largely passive income that will last forever!

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2. Dividend Stocks
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