



New Canada Recovery Benefit (CRB) Approved: How Much Can You Get?

Description

The CRA CERB extension provided financial help to Canadians until the September 27 deadline. Millions of Canadians still require pandemic assistance, so the government created the new Canada Recovery Benefit (CRB) to replace CERB.

The House of Commons unanimously passed Bill C-4 early Wednesday morning, paving the way for an expanded basket of relief benefits to start flowing to Canadian residents who face financial challenges due to the pandemic.

How much does the new Canada Recovery Benefit pay?

The CRB pays eligible Canadian residents \$500 per week for a maximum of 26 weeks. It is designed help residents who lost income due to COVID-19 and are not eligible to receive assistance under the Employment Insurance (EI) program. This would include self-employed contract workers and participants in the gig economy.

Part-time and contract work ballooned in recent years. As a result, the old EI system fails to help a large portion of the Canadian workforce. The CRB program goes a long way to fill that assistance gap.

In order to apply and be eligible, the CRA outlined the new Canada Recovery Benefit rules. They largely follow the guidelines that covered CERB eligibility.

Who qualifies for the new Canada Recovery Benefit payment?

An applicant must be at least 15 years old with a valid Social Insurance Number.

The person also had to earn at least \$5,000 in self-employed or employed income in 2019, 2020, or during the 12-month period preceding the application. Other qualifying income would be from EI, maternity or parental benefits, and QPIP.

A person must be available to work and searching for income opportunities. Quitting a job to collect the CRB is not permitted. In addition, the loss of income due to COVID-19 must be 50% or greater.

People who are deemed eligible for EI can't apply for the CRB. The CRB is not available if a person is receiving EI, workers' compensation short-term disability, QPIP, or the other [new recovery benefits](#), including the Canada Recovery Sickness Benefit (CRSB) and the Canada Recovery Caregiver Benefit (CRCB).

Other ways to get monthly payments similar to CERB

CERB is gone and the CRB will be a short-term bridge to help people through the financial challenges caused by the pandemic.

Economists say the assistance programs put Canada's federal deficit at a dangerous level, potentially reaching \$400 billion. The latest [report](#) from the Parliamentary Budget Officer puts the projection for the 2020-2021 fiscal year at \$328.5 billion.

This means Canada could have limited options to combat another financial crisis in the coming years. Hopefully, we will not see another one for decades.

Nonetheless, it makes sense to set up our own safety-net to cover unexpected hits to our income streams.

The [Tax-Free Savings Account \(TFSA\)](#) is a useful tool for this purpose. The cumulative TFSA contribution space currently sits at \$59,500. All income generated inside a TFSA is tax-free. This is not the case with CERB and the CRB payments, however.

Holding top-quality [dividend stocks](#) inside the TFSA creates a tax-free revenue stream to serve as an emergency benefit when we hit tough times. The dividends paid on the shares can go straight into our pockets when we need the money.

Otherwise, the dividends should be used to acquire additional shares to grow the fund and boost the size of the payouts. The compounding process, over time, can actually turn small initial investments into large portfolios. In fact, some investors eventually get to the point where they can live off the dividend payments.

For example, a single \$10,000 investment in each of **TD Bank**, **Fortis**, and **Enbridge** just 25 years ago would have turned into \$244,000, \$217,000, and \$271,000 respectively today with the dividends reinvested.

That's right, \$30,000 became \$732,000. The dividend payouts would now be more than \$40,000 per year.

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