



COVID-19 Cash Benefits: Which Is Better — CERB, EI, or CRB?

Description

The Canadian government has successfully averted an economic crisis for some time by pumping liquidity in the economy with its COVID-19 cash benefits. The most popular benefit was the Canada Emergency Response Benefit (CERB), which gave \$2,000 a month to Canadians who lost their jobs because of COVID-19. Now, it has ended this temporary benefit and [replaced](#) it with Canada Recovery Benefit (CRB), and Employment Insurance (EI). All three benefits pay \$2,000 a month.

You may ask why the Justin Trudeau government didn't extend the CERB. The CERB was a one-for-all benefit, which had its advantages and shortcomings. The new benefits overcome these shortcomings and incentivize Canadians to return to work.

The CERB versus EI and CRB

The biggest problem with CERB was its requirement that the applicant shouldn't have earned more than \$1,000 during the four weeks they are claiming benefit. If this requirement was breached, the applicant lost the \$2,000 CERB. This disincentivized some people from returning to work. Some refused to take jobs that paid less than \$2,000 a month to continue getting the CERB.

The EI and CRB have overcome this shortcoming and are incentivizing people to return to work. You can get the benefit even if you are working. However, CRB has a maximum annual income limit of \$38,000. Beyond this, your CRB payments will reduce by \$0.5 per dollar.

Another problem with CERB was its four-week benefit period. If you are eligible in the first two weeks, but you earn well in the next two weeks, you won't get the CERB. In the case of CRB and EI, you can claim for two weeks.

Moreover, the CERB was paid in advance, which left Canadians in constant doubt about whether the CRA would take back the benefit. This doubt is eliminated in the CRB and EI as the benefits are paid in arrears.

Another shortcoming that EI and CRB overcome is that these benefits are available for an entire year.

This will give Canadians ample time to max out their 26-week benefits. The CERB was available for 28 weeks, and not all Canadians maxed out their benefit.

However, CERB was easy to understand and covered everyone whether or not they had an EI and valid Social Insurance Number.

EI versus CRB

For many reasons, including those listed above, the government replaced CERB with EI and CRB. Among the EI and CRB, which is better? The CRB offers \$500 a week for up to 26 weeks. What is the maximum for CRB is the minimum for EI. If the unemployment rate in your area is above 13.1%, you can get an EI claim for more than 26 weeks and up to 45 weeks.

Moreover, EI can give you up to \$573 a week if your average weekly income and the unemployment rate is high. Why is it that EI has a higher maximum than the CRB? The EI claimants have paid a premium for this benefit. The employer and the employee contribute to the EI premium. Generally, when claims increase, premiums increase. However, the minimum \$2,000 COVID-19 EI will not lead to a rise in EI premiums, as the government is funding it.

Make the most of the COVID-19 benefits

This is the first time the government is giving such generous COVID-19 benefits. As these benefits are temporary, claim them if you fit the eligibility.

You can use that money to invest in the stock market that is rallying on the back of these benefits. If you are looking to hold the stock for the next 10 years, you may consider buying **RioCan REIT** ([TSX:REI.UN](#)). The stock is down 46% year to date, as the lockdown has severely hit the non-essential retail sector. Its gross rent, occupancy rate, and real estate value have been reduced. As the government's rent support ends, fear of increasing bad debt looms, which is [preventing the stock from surging](#).

However, it has sufficient cash flows to stay profitable and pay dividends. You can lock in a 10% dividend yield for a lifetime. You can even see a capital appreciation of as much as 80% in three years, as the economy and the retail sector recovers.

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