CRA Cash: CERB Is Over, So Earn $2,000/Month With This 1 Dividend Stock

Description

The CRA is a bit stingy about giving money out. But seeing as it's in the tax-collection business, which is oriented more towards taking money from you and not the other way around, that's understandable. But CERB has been a refreshing exception. The CRA was generous with the amount as well as the requirements. The aim was to get the money to people most in need, even if it opened doors to fraud.

But that's over now. The CERB is ending, and recipients are being moved to EI, which is a bit more strict when it comes to requirements and less generous with the amount. Hopefully, the majority of people will rejoin the workforce and might not need to rely upon the government's aid to survive.

As far as replacing the CERB with a dividend stock is concerned, there are two requirements — a dividend stock with a very generous yield and a substantial amount of cash to invest.

Replacing CERB with an energy account

One of the stocks that fit the bill is the **Pembina Pipeline** (TSX:PPL)(NYSE:PBA). Like most other energy stocks, the company is in a slump. The stock is down almost 45% from its pre-pandemic valuation, and it's continuing the downward trend, instead of going up. While that's a capital-appreciation nightmare, it's a blessing for investors that want to buy Pembina for its yield (as long as its payouts are safe).

If you want to replace your $2,000-a-month CERB income with a dividend stock, the powerful 8.7% yield will come in very handy. The trade-off, however, is the amount you will need to start this generous income. A good number to start is $300,000. At an 8.7% yield, this amount will get you about $26,100, which translates to a comfortable $2,175 a month.

The company pays quarterly dividends, so you will have to plan accordingly.

Stock and the safety of dividends

Pembina is a Dividend Aristocrat, with eight years of consecutive payout increases under its belt. The payout ratio is a bit dangerous right now (about 140%), but the company has seen far worse. The ratio was higher than that from 2014 to 2017, so the chances of it impacting your payouts are relatively low. Another thing in Pembina's favour is its business model.

The bulk of the company's profits are tied to its pipeline, which works on fee-based contracts. Unlike many other energy business players, the company's profits don't fluctuate wildly with the oil price. This means that even in a distraught sector, the pipeline business is a bit safer. But understand that even a safe Dividend Aristocrat like Pembina is entirely impervious to headwinds that are rocking this sector.

Foolish takeaway

If you don't have such a substantial amount of capital to invest, you may want to look at dividend stocks that offer rapid capital growth. That way, you can divide your income between dividends and selling the shares of the company. It will not work for long, but it's one way you can get the same income as CERB with limited capital.

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