Not EI-Eligible? Apply for the CRB Instead!

Description

With the CERB having expired, you might be wondering whether you're eligible for EI. Most Canadians that previously got the CERB will be transitioning to EI this month. Those who applied through Service Canada will transition automatically. That's good news for those who are eligible for EI.

But what if you're not?

EI is a program you have to pay into. If you've never held an insurable job–for example, if you always worked contract jobs–then you may not be eligible. As a result, many people, like **Uber** drivers and self-employed hairstylists, aren't able to get covered by EI.

If this is you, you might be worried. Facing unemployment while not being eligible for EI is a scary situation. But you don't need to be afraid. As you're about to see, there's a totally separate COVID-19 aid program that can keep you covered in the fall. Paying $500 a week, it's basically the same as the CERB — and you can get it for up to 26 weeks!

Canada Recovery Benefits (CRB)

The CRB is the new CRA support program for self-employed people. It's similar to the CERB, but it's only for those who aren't eligible for EI. Unlike EI, which is run by Service Canada, you apply for the CRB through the CRA. Also, the CRB pays a flat $500, as opposed to EI, which has a $500 floor and a $573 ceiling. These characteristics make the CRB more similar to the CERB than EI. Indeed, if you look at the way it operates, you could almost call the CRB a more "targeted" CERB aimed at a specific demographic.

How much it could pay

As mentioned previously, the CRB pays a flat $500 a week. You can receive it for up to 26 weeks. This means that you can get up to $13,000 from the program. That's simplifying things somewhat, because you have to pay some of it back if you earn too much. Also, you'll eventually have to pay taxes on the money. But assuming you're long-term unemployed, $13,000 is pretty close to what you could actually get over 26 weeks.

$13,000 could go a long way

Certainly, $13,000 is a significant sum of money. And it could go even further. By investing $13,000 in a tax-free environment like a Tax-Free Savings Account (TFSA), you could grow the money significantly. And that's entirely feasible given that $13,000 is well below the maximum amount of TFSA contribution space for 2020 ($69,500).

Imagine that you had $13,000 and invested it in **Fortis Inc** (TSX:FTS)(NYSE:FTS) shares. If you held those shares in a TFSA, you'd pay no taxes on either the dividends or the capital gains, allowing you to grow the investment more than would otherwise be possible.

At current prices, Fortis yields 3.64%. If you earned an annualized capital gain of 6.36% and re-invested your dividends, you'd reach an annualized total return of 10%. At that rate, it would take just 7.1 years to double your money. You'd go from $13,000 to $26,000. And, in a TFSA, all those gains would be tax exempt.

Of course, nobody knows for sure what kind of return Fortis is going to earn over the next seven years. There's always uncertainty in the markets. But as the above shows, $13,000 invested in the markets can grow very quickly. And you can get started on saving for it even in the era of mass unemployment and COVID-19.

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