CERB Alternatives Are Here: A Look at CRB, EI and CRSB

Description

The Canadian government announced the Canada Emergency Response Benefit (CERB) in April 2020 to help millions of residents impacted due to COVID-19. The CERB paid close to $80 billion in benefits to Canadians over the last few months.

However, the federally-sponsored payout has now come to an end and is being replaced by four other benefits. So, if you were receiving the CERB payout you will most likely qualify for the alternative benefit programs as well.

The Justin Trudeau government has split benefits to help Canadians return to work and provide them with liquidity to handle the ongoing pandemic challenges that include quarantine, medical leave, and taking care of dependents.

Are you eligible for the EI, CEB, CRSB, or CRCB?

In case you are someone who has been recently laid off but has worked for over 120 hours in the past 52-weeks, you will be eligible for the Employment Insurance (EI) program. Eligible applicants will receive at least $500 per week or $300 a week for extended parental benefits.

For self-employed workers or freelancers, the government has introduced the Canada Recovery Benefit (CRB). This program provides $500 a week for a period of 26 weeks to Canadians who have stopped working or had their income reduced by at least 50% due to COVID-19.

Further, in case you have fallen sick due to COVID-19 and have to self-isolate, you can apply to the CRSB (Canada Recovery Sickness Benefit). The CRSB provides $500 for a maximum of two weeks for people unable to work for 50% of the week due to coronavirus and have to self-isolate. However, while applying to the CRSB you should not apply for the CRB.

Finally, the Canada Revenue Agency (CRA) will pay $500 a week (per household) for a period of 26 weeks via the CRCB (Canada Recovery Caregiving Benefit) in case you need to take care of family members and are unable to work for at least 50% of the week.

Generate $2,000 a month by investing in dividend stocks

The above payouts provide Canadians approximately $2,000 a month in benefit payments. However, if you have the discipline, you can create a passive income stream that pays you $2,000 every month by investing in blue-chip dividend-paying companies.

You can identify quality stocks such as **Canadian Utilities** (TSX:CU) that have managed to increase dividend payments for 48 consecutive years. Canadian Utilities is an energy infrastructure giant that has a forward dividend yield of 5.3%. So, a $100,000 investment in this company will generate $5,300 in annual dividend income.

In case Canadian Utilities increases dividends at an annual rate of 5%, your dividend payout will increase to $13,400 at the end of 20 years, after accounting for re-investments. This means your effective yield is now 13.4%, up from 5.3%.

Canadian Utilities has survived multiple recessions due to its regulated business model. The company generates 95% of revenue from its regulated business and the rest come from long-term contracts. This ensures a steady stream of cash flows, allowing the company to increase dividends over time.

The Foolish takeaway

It is not prudent to allocate $100,000 in a single stock. You must instead identify similar companies that have raised dividends over the last few years, have a strong balance sheet and a recession-proof business enabling them to maintain payouts across business cycles.

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Date
2025/08/25
Date Created
2020/10/07
Author
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