



CRA: 4 CERB Extension Options Canadians Need to Know About

Description

If you're worried that the Canada Revenue Agency's (CRA) CERB benefit has expired, there are [three temporary income extension programs](#) that will be helpful to Canadians.

Three temporary CRA CERB extension options

The first CERB extension program is the Recovery Sickness Benefit (CSRB). It will provide \$500 per week (or \$450 after-taxes) to workers who are sick, self-isolating, or more vulnerable to severe illness as a result of COVID-19. If you get sick after going to work and are concerned about isolating, this may be one to look at.

The Canada Recovery Caregiving Benefit (CRCB) assists workers who must stay home to care for children under 12 years old who cannot go to school due to the pandemic. This also applies for workers who must care for other family members who cannot access care due to pandemic-related restrictions or challenges. You will also receive \$500 per week and you must reapply if your situation continues beyond the first week.

The last CERB extension program is the Canada Recovery Benefit (CRB). [It just became available on October 12, 2020](#). It gives support to those employed or self-employed that are not already entitled to normal Employment Insurance (EI) benefits. You will be eligible to receive \$1,000 (\$900 after tax) for a 2-week period. Should your situation continue beyond that period, you must apply again. You can apply for benefits up to 13 times (or 26 weeks of benefits in total).

Build your own CERB extension

The last income alternative is not temporary and is not a CRA benefit. Unlike any CERB extension program, this alternative could actually support you in an emergency (like another pandemic) and long into your retirement. I call it the emergency/retirement income investment plan (ERIIP).

Say you start investing with \$10,000 and commit to investing \$500 of your income every month. If you

earn only a 6% dividend yield on the investment, and all the income was reinvested, you could potentially have an investment worth \$400,000 in as little as 25 years.

With \$400,000 earning a dividend rate of 6%, you could potentially earn up to \$2,000 per month of dividend income if you needed it!

Enbridge is a great foundation to your income investment plan

If you want to build your own CERB extension plan, I recommend investing in a diversified portfolio of companies. However, one great foundation that would meet your ERIP investing criteria is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). While Enbridge's stock has performed poorly in 2020, it is trading with a very attractive 8% dividend. While a dividend over 5% often relays a concern that it is not sustainable, Enbridge's dividend is safe.

Enbridge's transportation assets are essential to the North American energy industry. People need it to heat their houses, power their electricity (through natural gas), and fuel their cars. Consequently, 98% of Enbridge's assets and cash flows are protected by long-term contracts or regulations. Its cash flows are very stable, and its dividend only take up around 70% of distributable cash flows.

While the CERB extension programs likely won't last beyond 2021, Enbridge has an attractive long-term growth profile. It has an \$11 billion growth plan, of which \$7.5 billion will be allocated to natural gas transmission, distribution, and renewables asset projects. These are very likely to be completed and put into service. Management expects that it can accrete 5-7% cash flow growth for the next two to three years as a result.

The Foolish takeaway

Enbridge has a stable 8% dividend and a sight line to annual 5-7% cash flow and dividend growth. It is a perfect foundation to start building your own CERB extension portfolio. If you start investing today, you can one day forget relying on the CRA and rest easy in your own \$2,000 per month income and investment stream!

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