



Confused About CERB Ending? 3 Things You Need to Know About EI

Description

The federal government had to introduce the Canada Emergency Response Benefit (CERB) in March 2020 because the Employment Insurance (EI) system was choking from the massive volume of claimants. During the weeks of spring and summer, the EI system was undergoing technical upgrades.

The plan was for [EI to take over releasing income support](#) to jobless Canadians when CERB finally expires. About 75% of CERB recipients still need financial help. Employment Minister Carla Qualtrough, however, is confident the system will not break. The transition to EI should be seamless as the country enters the recovery phase.

Despite the minister's assurance, many are confused about the original pandemic lifeline ending in September. There are temporary changes to the EI that people should know to allay the apprehensions.

1. Automatic transition

For Canadians who applied for and received CERB through Service Canada, the transition to EI is automatic. Service Canada will contact EI clients to advise them or confirm whether they need to apply. You can also check your claim status at My Service Canada Account.

If you received your CERB from the Canada Revenue Agency (CRA), you need to apply for EI through Service Canada. A self-employed individual or a person with 900-series Social Insurance Number (SIN) receiving the benefit must also apply.

2. Reduced insurable hours

As a temporary measure, a claimant needs to have 120 insurable hours only. If you're claiming EI regular benefits due to job loss, you will receive one-time insurable hours of 300. For EI special benefits (sickness, maternity/parental, compassionate care or family caregiver), the one-time credit is 480 insurable hours.

3. Benefit is equivalent CERB

Whether it's an automatic transition or new application, an individual claimant will receive [a taxable benefit of \\$500 per week](#) (same amount as CERB) for at least 26 weeks. This time, the difference is that you can also work while on a claim, up to \$38,000 maximum per year.

Dividend investing

Canadians with financial flexibility can earn extra or build an emergency fund through dividend investing. You can buy blue-chip stocks to receive regular, if not permanent, income. Canadian banks are known value creators and the **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) belongs to this elite group.

The fifth-largest bank in Canada is a generous dividend payer. You can purchase the bank stock and delight in a 5.7% dividend. Assuming you can \$421,250 worth of CIBC shares, the monthly dividend is \$2,000.94. It's like receiving monthly CERB or EI on an unlimited basis.

CIBC is more home country-centric than its industry peers but should be expanding, especially in the U.S. markets. Performance-wise, this bank stock has rebounded from its COVID-low. The price sunk to \$67.65 on March 12, 2020, but is currently trading at \$101.60 (+50%).

The most important consideration is that CIBC is a Dividend Aristocrat. This \$45.23 billion financial position has a dividend track record of 152 years. It's a mean feat because the bank endured recessions and economic downturns.

Much-improved EI

The new EI is nearly the same as CERB. Claimants shouldn't worry about complicated criteria and application lag times. The changes reduce these risks and, at the same, ensure the system won't be overwhelmed.

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