CRB: 3 Reasons You'll Hate This Benefit

Description

The Canada Recovery Benefit (CRB) could be a financial lifeline for millions of Canadians. This week, applications for the new program opened up for the first time. If you find that you need this benefit payment and qualify for it, here are three reasons you might hate the new program when compared to its predecessor.

Withholding tax

Unlike the wildly popular and utterly flexible Canada Emergency Recovery Benefit (CERB), the government cuts out taxes from CRB payments *upfront.* Authorities have applied a 10% withholding tax to the benefit payments, which means you might receive only $900 every two weeks instead of the $1,000 you applied for.

Time limit

Also unlike the CERB program, the CRB payments are strictly limited. The program will expire by September 25, 2021. If you qualify, you can receive a maximum of 26 weekly payments till then. That means the support program will only provide relief for half a year over the next year.

CRB application

Another hassle of the CRB program is the application needs to be repeated every two weeks if you need ongoing support. The payments are scheduled in tranches of $1,000 for every two-week period. Once the period is over, you need to re-apply for the next tranche of payments.

Despite the drawbacks and limitations, the CRB program is well designed to help millions of Canadians with temporary economic relief. To secure yourself more permanently, consider setting some CRB payments aside to invest in robust stocks.

A relatively safe and reliable growth stock like **Dollarama** (TSX:DOL) could be a great way to invest some of your spare CRB payments. Setting aside just 10% of your total CRB (which could be roughly

$1,300) in Dollarama stock could generate significant returns.

Dollarama has proven itself to be pandemic and crisis proof. People flocked to the dollar store to buy essential items, even when the economy was falling apart and there was no hope of government stimulus or benefit payments. Now that the economy is recovering, and millions are supported financially, Dollarama can resume its multi-year growth swing.

Over the past 11 years, Dollarama stock has delivered a jaw-dropping 1,544% return. That means a dollar invested in the stock in 2009 (after the last crisis ended) would be worth $16 today. If the company can deliver similar returns over the next 10 years, your $1,300 investment could turn into $20,800 by 2030. That's far more than the entire CRB program offers today.

Bottom line

The CRB benefit is a vital part of Canada's economic recovery plan. It could support millions of Canadians while the crisis is dealt with. However, there are several limits and restrictions that could make this program stressful for ordinary Canadians struggling with financial difficulties.

Nevertheless, saving and investing part of the CRB payments is a great idea. Setting aside 10% and investing it in robust stocks like Dollarama could be your first step towards financial freedom. Dollarama's business model is relatively immune to the ongoing crisis. If it can deliver steady growth over the next decade, this could become the linchpin of your entire portfolio.

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