



Make Your CRB Last Longer Than 26 Weeks!

Description

This year has been the worst year of the decade, as the COVID-19 pandemic created havoc. It brought the entire world's economy to a halt. But the Canadian government acted fast and released generous cash benefits like the \$2,000 Canada Emergency Response Benefit (CERB). This benefit was equivalent to a universal basic income (UBI) that Prime Minister Justin Trudeau has talked about during his election campaigns. The CERB ended in September and was [replaced by Canada Recovery Benefit](#) (CRB) and Employment Insurance (EI). The Canada Revenue Agency (CRA) also introduced EI-like sickness and caregiving benefits to those who don't have an EI. All these benefits will give \$500 a week before tax for a maximum of 26 weeks.

There is something better than CERB and CRB

The problem with CRA cash benefits is, they are temporary and taxable. Moreover, there is an uncertainty that these benefits might end anytime. There is also anxiety about whether your application will be approved or not. If you think the CERB and CRB are good, there is something better. Your personal benefits pool in Tax-Free Savings Account (TFSA), which gives you a regular income.

The Canadian government launched the TFSA in the 2009 crisis to encourage Canadians to save. Those who took the hint and regularly invested \$100 a week in TFSA now have \$57,000 worth of contributions. If you'd invested this money in securities that generated an average annual return of 5%, you would have around \$76,000. This money would have come in handy to lock juicy dividend yields of 8-10%. In dollar terms, a \$70,000 investment would fetch you \$6,300 a year, or \$530 a month, in dividend income for a lifetime. As all this income is coming from your TFSA, the CRA won't tax you on it.

I have taken a cautious investment approach without much diversification. You can earn more than this and in less than 10 years. All these numbers look good. But if you don't have that money to invest, you can start with as little as \$50 a week from your \$500 CRA benefits payment.

Monetizing your CRB

Back in April, when the CRA first distributed CERB, some smart investors took advantage of it and invested \$100 a week in tech stocks like **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)) and **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)). These stocks were available for less than \$100 a share. The 28 weeks of CERB got investors to put in \$1,400 in each of the two stocks.

The two stocks are unique in their way. Lightspeed is a high-risk, high-growth stock, and Descartes is normal, growth, recession-proof stock. The two stocks balance each others' risks and rewards. But the pandemic got the best of both the stocks.

Lightspeed provides omnichannel payment solutions to retail and hospitality industries and is in its [early stages of growth](#). It took a big hit from the pandemic-induced lockdown, which put its customers temporarily out of business. The investors panicked, and the stock fell 67% to \$12 in March. But the company saw a 400% uptick in e-commerce volumes, and it monetized on this trend. The outcome was a 300% surge in its stock price. Those who jumped on to the rally mid-way in April doubled their CERB money.

Unlike Lightspeed, Descartes is in a mature stage and is among the world's top seven providers of supply chain management solutions. It was more resilient to the pandemic, because of its diversified customer base from retailers to e-commerce to airlines. While demand dropped in the airline sector, it surged significantly in the e-commerce sector. As the economy reopens, even the weak sectors are seeing a recovery.

Investor corner

Both Lightspeed and Descartes will continue to grow in the post-pandemic economy. Descartes's share rose at a CAGR of 20% in the last five years. Lightspeed stock surged 95% and 35% in 2019 and year to date. It has the potential to grow at an average annual rate of over 30% for the next three years. Even if Lightspeed stock dips, Descartes will offset the loss. If you invest \$100 a week in the two stocks, you can double your money in five years.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:LSPD (Lightspeed Commerce)

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