



The CRA CRB Will End, But This Benefit Will Pay You for a Lifetime

Description

You must be wondering why, if the Canada Recovery Benefit (CRB) has just started, I'm already talking about its ending. The job market is battered, and salaries are not competitive. Some people are barely managing to stay in their jobs. Amid these uncertainties, the Canada Revenue Agency (CRA) is giving \$1,000 in [CRB payments](#) before tax to those who are not getting work because of COVID-19. But you can avail of this benefit for a maximum of around six months, or 26 weeks.

A benefit that will pay you for a lifetime

While the CRB has its own problems, there is one benefit for which you don't have to apply or wait in long queues of contact centers. The benefits payment will have no delays or tax cuts, and it will pay you for a lifetime. This benefit is a passive income you can generate from the Tax-Free Savings Account (TFSA).

You invest \$100 every week for the next 10 years in securities that give you an average annual return of 10%. By the end of 10 years, you will have \$87,000 in your TFSA. Of this amount, \$52,000 would be your contribution for which you have paid tax and \$35,000 your tax-free investment income.

But you can earn higher than 10% if you diversify your portfolio among the below three stocks.

RioCan REIT

The COVID-19 pandemic has created some good value stocks for your benefits pool. One such stock is **RioCan REIT** ([TSX:REI-UN](#)). It is Canada's second-largest retail REIT that earns money from the rent it collects from tenants. It is diversifying into residential and commercial properties, but retailers are still its core customer base. The pandemic-driven lockdown impacted the physical retail stores as retailers moved online. But this doesn't mean the physical stores will remain closed forever.

The reopening of the economy also reopened stores, and RioCan's rent collection improved. However, it now faces a risk of rent defaults as many small retailers might close down permanently. It has

already booked a \$19 million default risk in its income statement. But these headwinds are short-lived. Its cash flows are improving, and its strong balance sheet has enough reserves to pay dividends and also withstand losses.

RioCan stock is down 46% because of the short-term headwinds, which has inflated its dividend yields to 9.88%. During the downturn, the stock will pay such high dividends. When the economy recovers in the next three years, the stock will appreciate, probably at a compound annual growth rate (CAGR) of 18-20% as it did during the 2009 crisis.

Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is facing a similar fate as RioCan. Although the pipeline operator has a strong balance sheet, the sudden dip in oil demand has reduced its cash flow in the short term. Enbridge is not greatly impacted by the oil price and is still profitable, but it is the reduced capacity of its pipelines that is keeping the stock down 32% and dividend yields high at 8.48%.

As the economy reopens and oil demand grows, Enbridge will once again see the return of its cash flows. Until then, it has \$13 billion in liquidity, which is sufficient to pay dividends and maintain pipelines until the crisis eases. The stock would add an 8% dividend yield to your benefits pool during the downturn and also appreciate at a CAGR of 4%-5% as the economy recovers in the next three years.

Lightspeed POS

You can also take a little risk with a high-growth stock like **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)). The company has [strong growth potential](#) as its omnichannel solutions cater to the COVID-19 economy. It is helping the retail and hospitality industry to return to the new normal. The high uptake of its platform is driving its revenue up 50%. The stock has surged 23% this year and 95% last year. It could grow at a CAGR of 25-30% for the next three years until the economy normalizes.

How to create a personal benefits pool

If you have \$5,200 (\$100*52 weeks), invest \$2,500 each in RioCan and Enbridge and \$200 in Lightspeed. This portfolio could give you an average annual return of at least 15%, or \$800, for the next three years.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Energy Stocks
4. Investing
5. Tech Stocks

TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:LSPD (Lightspeed Commerce)

3. TSX:ENB (Enbridge Inc.)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:REI.UN (RioCan Real Estate Investment Trust)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
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Date

2025/08/13

Date Created

2020/10/21

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