Canada Revenue Agency: No Child Left Behind With This $567 Crisis Benefit

Description

The unprecedented times that we are in right now are making Canadians look for every opportunity they can get to improve their financial situation. With unemployment higher than it has ever been and the fears of a second market crash, and the always looming threat of disease, 2020 has not been an easy year.

The government has introduced several measures to help Canadian citizens. It has introduced monumental relief programs that have helped Canadians stay afloat during challenging times. If you are a Canadian parent, there is another benefit that you can use to help your children.

Canada Child Benefit

Canadian parents with a few children might already know about the Canada Child Benefit (CCB). New parents might be delighted to learn that this is a monthly payment that they can receive on the 20th of each month.

Under the CCB, having a child under six years old can entitle you to receive a maximum of $6,765 per year for the child, which translates to $567 per year per child. If you have a child between the age of six and 17, you can receive a maximum of $5,708 for that child.

The average Canadian family receives around $6,800 in annual benefits through the CCB program. These payments distributed by the Canada Revenue Agency (CRA) are tax-free. Additionally, you can receive payments from your territorial or provincial government.

Creating benefits for children older than 17

If you have been receiving these monthly payments to help take care of your children's expenses, you might want to reconsider how you use them. Rather than using the CCB money right now, you should invest it in creating a more financially stable future for your children. Once your children reach 17, they will not stop being your children, but the CCB payments will no longer arrive.

If you want to provide them with long-term support, investing the CCB money into a Tax-Free Savings Account (TFSA) would be an ideal way to go. This account's tax-free status can help you create benefits for your children that can supplement their financial needs forever.

Any holdings inside a TFSA can grow without incurring any taxes from the CRA. You can use the contribution room in your TFSA to create a portfolio of dividend-paying stocks to generate substantial passive income. You can reinvest the dividends to unlock the power of compounding so your children can have a much more comfortable future that is free of financial worries.

A stock to consider

If you consider investing the CCB money to secure a stronger financial future for your children, an ideal stock to consider would be the **Royal Bank of Canada** (TSX:RY)(NYSE:RY). The Canadian financial institution has a fantastic long-term track record for you to consider when you are looking for reliable investments for your children's future.

The Canadian bank has been around for more than a hundred years. In its time, RBC has seen several economic downturns, a global health crisis, and two world wars. Each time, the bank has emerged stronger and proved to be a reliable investment for its investors. The bank has done it before, and can emerge from the current financial crisis and any other market crash.

Investing the CCB money into this banking stock can help you grow the Tax-Free Savings Account (TFSA) balance substantially over the years. The Royal Bank of Canada is trading for $92.89 per share at writing. At this valuation, the stock is paying its shareholders at a juicy 4.65% dividend yield that you can lock in.

Foolish takeaway

The government rolls out several programs that say one thing and dish out another. However, the CCB is a genuinely generous and tax-free benefit that you should leverage for your children's future. Using it as capital to invest in a dividend income portfolio stored in your TFSA would be the best way to go.

The Royal Bank of Canada makes an ideal asset to consider as a foundation for such a portfolio.

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Date
2025/08/24
Date Created
2020/11/02
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