



CERB Alternatives: Should You Choose EI or the \$2,000 CRB?

Description

Canadians benefited greatly due to the introduction of the Canada Emergency Response Benefit (CERB) program a few weeks after the lockdown. The government pumped liquidity into the economy through the COVID-19 cash benefit and helped Canadians stay afloat while staying at home.

The \$2,000 payments for four-week periods helped Canadians who lost their jobs due to the pandemic. However, the benefit also discouraged Canadians from returning to work, because they received money while staying home, despite the slowly reopening economy.

The Canada Revenue Agency (CRA) announced that CERB would end on September 26, 2020, and it will be replaced by [CERB alternatives](#): the Canada Recovery Benefit (CRB) and the new and improved Employment Insurance (EI) benefit.

How CERB alternatives are encouraging people to return to work

The biggest problem with CERB was that it required that applicants earned no more than \$1,000 in the four weeks before applying for the benefit. Applicants would lose their claim on the \$2,000 if they earned more money, disincentivizing them from returning to work.

CRB and EI have both overcome this issue and incentivizing people to return to work. You can make money from the benefits, even if you have a job.

EI vs. CRB

Both benefits are paying a similar \$2,000-per-month amount to eligible applicants. However, you can only collect one of the two at a time. The question is, which CERB alternative is better?

EI and CRB are paying a similar amount to the CERB. However, the CRB comes with a limit.

If your annual income is more than \$38,000, the CRB payments will reduce by \$0.5 for every dollar over the annual income limit. Another issue with CERB was that it had four-week eligibility periods. If you were eligible for CERB for two weeks, but you earned good money in the next two weeks, you would be ineligible. CRB has two-week eligibility periods that will pay \$1,000 per eligibility period. That is also the case with EI benefits.

EI has been around for ages. It provided crucial support payments to Canadians who lost their income sources and jobs through no fault of their own. However, its requirements were too stringent to allow many people to qualify for the benefit during the pandemic-induced lockdown.

The updated version of EI reduced the insurable hours to 120 hours, and recipients can receive up to \$573 per week. However, it requires your insured hours, average weekly salary, and the region's unemployment rate to align in your favour.

CRB was set in place to help people who still could not qualify for EI benefits. People in the gig industry and freelancers who did not have records that they can pull from employers could not qualify for the EI benefits. CRB caters to those people if they fulfill its requirements.

Make the most of COVID-19 benefits

Regardless of which benefit you receive, you can use the amount to earn even more money if you use it wisely. Many people prepared alternate arrangements to meet expenses before the announcement of CRB and the updated EI.

If you did too, but you qualify for either one of the payments, I recommend collecting the \$2,000 per month and using it as investment capital for a [high-growth tech stock](#) like **Lightspeed POS** ([TSX:LSPD](#)) ([NYSE:LSPD](#)). Investors expected the tech stock to perform well in the latest quarter, but it did even better than expected.

Between Monday, November 2, and Thursday, November 5, 2020, the stock saw an incredible increase of 27.78% in its valuation. Lightspeed has made the most of the changing dynamics of the new normal in the COVID economy. It is offering a host of new products to its customer base that is making its revenues explode.

The stock reported a 62% year-over-year increase in its revenue, and it looks well on its way to improve further.

Foolish takeaway

Between the EI and CRB, I would suggest collecting EI first. If you finish collecting the EI funds you are eligible for, you can consider collecting the CRB. Whichever way you decide to go, I recommend investing some of that capital in a high-growth stock that can benefit from the current economic environment. Lightspeed POS could be ideal for this purpose.

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