



CRA to Parents: Claim \$1,000 Per Child in Government Cash This Year!

Description

If you're a parent, the struggle is super real this year. You've been asked to suddenly work from home while also looking after your child or children. For some, that means basically babysitting, which is hard enough while you're trying to pretend to pay attention on a video conference call. For others, it means literally teaching them classes you haven't learned in two decades. That's a real struggle right there.

All of this is also while you're trying to keep financially afloat. If you're working, you likely own or work for a business. For many Canadian businesses, there have been cuts during this [pandemic](#). That's cuts to employment, working hours, even just pay in general. Now, the life of a parent just got even harder.

So, that's why when it comes to taking advantage of government cash, you need to do [everything](#) you can. Luckily, there are new and existing programs out there that parents can use to put towards bills, their child's education, or simply reinvesting.

That old government money

First, the old. If you're a parent, in all likelihood, you're receiving the Canada Child Benefit (CCB). This is a benefit based on your household income for each child depending on their age. On the 20th of each month, you'll receive that money by direct deposit or mail. Not receiving it? You likely had a child recently or are *really* bad at tax returns. Make sure the government is aware you have a child before playing the blame game. You could also be eligible for back payments.

Then there's the Registered Education Savings Plan (RESP). This is something every parent should have for their child, and not just as a moral obligation. The government will deposit 20% of your contribution up to a maximum of \$500 per child in the RESP. So, if you max out each year at \$2,500, that's \$500 per child in free government money to put towards their future.

That new government money

Now for the new stuff. Back in April, the government announced it would give a one-time \$300 per child payment on top of the May 20, 2020 CCB payment. That payment was to help those at home with their children, needing craft supplies, educational tools, and other additions to their monthly bills.

Then this last month, the Ontario government announced it would be giving families an additional \$200 per child up to the age of 12. This one-time payment is to help families during the holidays struggling at the end of a very financially straining year.

All in all?

You now have \$300 from the federal government, \$200 if you live in Ontario, and \$500 if you topped up your RESP. That's a total of \$1,000 in government money this year. You can use that government money the best by investing it in your child's future. If you're able to keep all that in the RESP, you can invest in strong stocks that will see huge returns for decades.

It doesn't have to be risky, and shouldn't be since it's your child's future. Instead, consider bank stocks such as **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)). CIBC is a strong Big Six bank that will continue to grow for decades and offers the highest dividend yield for investors. You can then take those dividends and reinvest in your child's future. The stock is up 52% during the last five years, and 8.5% year to date after the crash. You should continue to see strong growth from this bank now and in the future.

As for dividends, a \$1,000 investment today would give you \$52.56 in annual passive income. Reinvest that over 20 years, and suddenly you have a huge educational nest egg. If you weren't to add a penny beyond that \$1,000, at similar rates to today, you could turn that into \$14,251.57 with dividends reinvested over 20 years!

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