CRA: An Important Warning for CRB and CERB Recipients!

Description

The Canada Emergency Response Benefit (CERB) and the Canada Recovery Benefit (CRB) have helped many Canadians get through what's been a very challenging year in 2020. With the coronavirus pandemic devastating businesses and putting people out of work, the government acted fast to help Canadians out.

But while the Canada Revenue Agency has offered some valuable lifelines, they won't last forever. Despite calls for basic income and a more permanent solution to helping people who are out of work, that's not an option that the government is entertaining right now.

In November, Prime Minister Justin Trudeau alluded to the benefits eventually coming to an end and said that "Let's not pretend that something that works right now gives us stability." He went on to say, "That's not a measure that we can automatically continue in a post-pandemic world."

The bottom line is that while the government is still helping Canadians, people shouldn't expect benefits like CERB (which is already over) and CRB to last once the pandemic is under control. And with most of the population expected to get vaccinated by late next year, it's possible the CRB may not get extended beyond its current end date, which is slated for September.

The problem is that with over $81 billion in CERB benefits paid out and CRB adding to the total, the government is digging itself deeper into debt and continuing to issue benefits is simply not a sustainable solution.

Canadians who are receiving CRB need to prepare for the reality that the benefits will eventually come to an end. And that means planning for next year. Whether it's upgrading skills or learning new ones to land a job or simply changing careers, now is a time to consider all options.

While many jobs may be lost for good, there will also be new ones that come up as the economy recovers and it's important to be prepared.

Another way to add income: contribute to your TFSA

One of the unintended benefits of the pandemic is that amid shutdowns and lockdowns, Canadians are also spending less money. It's a good opportunity to set aside some cash for your tax-free savings account and put the money to work. With the TFSA limit going up by $6,000 next year, even if you're maxed out today you will soon have some more contribution room.

If you're not sure what to put into a TFSA, consider a Dividend Aristocrat like **Enbridge** (TSX:ENB)(NYSE:ENB) that pays a great yield and has a history of raising its dividend payments. Currently, it pays 8% and if you were to buy $6,000 worth of Enbridge shares, you could expect to receive $480 in dividend income over the next 12 months. And inside of a TFSA, that income wouldn't be taxable.

The pipeline company has been fairly stable amid the pandemic, reporting an operating margin of more than 12% in each of the past four quarters. It's also generated positive free cash flow during each of those periods. Enbridge is among the safer oil and gas stocks you can own right now and it's a rarity in that it actually raised its payouts this year, hiking them by 3% earlier this month.

Shares of Enbridge are down 20% this year and that gives investors another reason to consider adding the stock to their portfolios today — the potential upside for it to rally in 2021 on stronger demand for oil. With a forward price-to-earnings ratio of 16, the stock is a relatively cheap buy and could be a big winner next year as the economy starts getting back to normal.

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