



CRA \$14,000 CERB: Will it Turn Into Permanent Income in 2021?

Description

The Canada Emergency Response Benefit (CERB) was the lifeline of Canadian workers affected by the pandemic. Since the Employment Insurance (EI) was overwhelmed with millions of claimants, the federal government introduced CERB. It was the flagship program in the COVID-19 Response Plan.

After CERB ended in September 27, 2020, former recipients are transitioning to the revamped EI. Those who can't qualify can apply for one of three [new recovery measures](#). However, all of Canada Revenue Agency's (CRA) income support are temporary.

Even before COVID-19, some groups were advocating for a universal basic income (UBI) so that fewer people fall below the poverty line. The momentum picked up when the CRA started releasing CERB. As such, can Canadians expect the taxable benefit to become permanent in 2021?

No path right now

The issue of creating a UBI has considerable merits. Proponents of the scheme believes it could simplify Canada's social safety net. Prime Minister Justin Trudeau said during a virtual town hall meeting in December 2020 that it's a very important conversation to have.

However, his administration sees no path to moving forward with the suggestion right now. The concept of UBI means everyone, regardless of income, would be eligible for payments. Furthermore, the UBI is needs based. You need to adjust payments to ensure low-income earners will have enough money to live above the poverty line.

Trudeau said his administration has other priorities, including the vaccination campaign that started last month. Likewise, the prime minister points to the 2020 Fall Economic Statement and the emergency measures available to Canadians.

Massive budget deficit

The federal government projects to end the pandemic-plagued year with a staggering budget deficit of \$381.6 billion. It would be, by far, the country's largest deficit since the fiscal consolidations of the mid-1990s.

Parliamentary Budget Officer Yves Giroux said Canada's financial situation is sustainable, "but barely." However, the record increase in spending in 2020-21 should be temporary. Giroux projects the budgetary deficit to decrease to \$73.8 billion (3.2% of GDP) in 2021-22 and continue to decline thereafter.

Income support other than federal aid

The income support of some Canadians is not entirely from federal aid. Dividend stocks like the **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is a great source of recurring income stream during the pandemic. The energy stock pays an ultra-high 8.31% dividend. A \$100,000 position will generate \$692.50 in monthly passive income.

The 12.98 billion energy infrastructure company is a reliable income provider, despite the headwinds in the energy industry. Earnings fell 63% in the most recent quarter, although management is confident cash flow is sufficient to cover operations and fund dividend payouts. Pembina Pipeline derives the bulk of its cash flows from long-term, fee-based contracts.

The company transports hydrocarbon liquids and natural gas products produced in western Canada to various areas in North America. It owns an integrated system of pipelines, If you have free cash to invest, Pembina shares are down 29.7%. The current stock price of \$23.66 is a good entry point.

CERB paves the way

With the EI and three emergency programs ongoing until September 25, 2021, it's not the right time to focus on a UBI. However, CERB and its replacement are pave the way for serious deliberations about a guaranteed income program. It could begin when the various income support measures expire next year.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:PBA (Pembina Pipeline Corporation)
2. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

PP NOTIFY USER

1. tmfpothos

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/07/07

Date Created

2021/01/04

Author

cliew

default watermark

default watermark