



Did You Receive CERB in 2020? Here's 1 Important Reminder

Description

Millions of people lost their jobs and businesses to the pandemic. Almost two million Canadians lost their jobs in April alone. A sizeable portion of the workforce was furloughed or forced to take vacations. Many suffered pay-cuts. Overall, 2020 was a financial mess. Thankfully, the government's first line of defense against lost income, the CERB, proved quite useful.

Over 25.6 million CERB applications were processed (with 8.9 million unique applications), and the program cost the government about \$81.6 billion. It didn't dry the government's coffers, but it did put a significant dent. Several benefit programs like the CRB are still active, and the CRA is dishing out billions every month.

There is one way you will help the CRA recover some of the amounts it paid in benefits.

A taxable income

Unlike current benefit payments where the CRA is withholding 10% tax at the source, CERB's full amount was paid to the applicants. The CRA didn't exactly keep it a secret, but many people didn't realize that CERB was taxable. It will be considered part of your taxable income when you file your 2020 taxes. Based on the tax bracket you land in, you might pay back a significant sum to the CRA in taxes.

If you only lost your job for a few months and had to rely on CERB for a limited period, your yearly income might be relatively high. That would push you into a higher tax bracket, and you might need to pay a sizeable amount on [your CERB](#) payment. Unlike the tax your employer withholds from your income, the CERB portion of your tax will come out of your own pocket.

The tax-free income

If you had savings and assets in your TFSA, you could rely on them for a tax-free income instead of the taxable CERB. But it's not too late. You can start building your TFSA funds, so you'll have a

cushion to fall back on in the next financial crisis. A relatively new company that can help you with your TFSA growth is **Ero Copper** ([TSX:ERO](#)). This Vancouver-based mining company was founded in 2016 and had a market capitalization of \$1.79 billion.

Ero Copper has 99.6% interest in MCSA, a 40-year old copper mining company based in Brazil. While the company has two operational sites in the South American country, its current focus is on the MCSA mining complex located in Bahia state.

The stock history only goes back a little over three years, but it has shown incredible growth in this short time period. From October 2017 till now, the stock has grown over 330%. The three-year compound annual growth rate (CAGR) works out to a whopping 34%. The balance sheet is strong, and the company has only been in loss for three quarters in the last three years.

Foolish takeaway

Growth assets in TFSA can be your powerful allies during a financial crisis. Since you can access your TFSA funds whenever you want (unlike RRSP), they can act as an alternative income source if you lose your job or business income. But it's important to balance your [need for growth](#) and your portfolio's risk profile. Invest in good companies with strong fundamentals.

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