CRA $2,000 CERB: Will Canadians Get it Again in 2021?

Description

When the first wave of the pandemic hit Canada, the government had to come up with several measures simultaneously to meet this multi-faceted challenge head on. The government had to restrict travel, strengthen the medical system, and come up with a financial response to the job losses and businesses shutting down.

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The CERB was the government's most prominent financial response to the pandemic to ensure that people that lost their income source had at least enough money to take care of the necessities. But when the pandemic was under control, and the government started focusing on creating more jobs, and the economy started to reopen. Then the CERB was discontinued.

We are still fighting the second wave of the pandemic, and some people are asking if the CERB will be revived for 2021.

CERB in 2021

The CRA or any other government official hasn't said anything about the CERB revival for 2021. And that's because there are systems in place to replace the CERB. The EI and CRB are chief amongst them. EI is nothing new, but one of the reasons it wasn't relied upon when the pandemic hit and the government had to come up with the CERB is that its eligibility requirements were a bit restrictive, and significant sections of the incomeless population wouldn't have qualified.

But now, to take the place of the CERB, the EI has been modified, and the terms are more lenient so that more people can qualify. But the CRB actually has more things in common with the CERB. It offers the same monthly amount ($2,000), though 10% tax is withheld at the source. The CRB is available for anyone who doesn't fit in the EI criteria, and it's helping millions of Canadians every month.

TFSA in 2021

If you have restarted your business or found a new job, you don't qualify for the CRB or the EI anyway.

In that case, you should focus on something else in 2021: your TFSA contributions. Just as it was in 2020, you can contribute $6,000 to the TFSA. Make sure you invest in the right asset, so you can maximize the TFSA's potential.

One overpriced stock you might want to consider (at least when it's underpriced during a market crash or a correction) is **FirstService** (TSX:FSV)(NASDAQ:FSV). It's a real estate management company — one of the largest in North America. The management portfolio covers about 1.7 million residential units, contained in 8,500 properties, and the company has another business avenue under the banner of FirstService Brands that offer essential property services.

The company has been growing at a robust pace for the last five years, and it was one of the first companies to recover after the pandemic in the real state sector. Its five-year CAGR is 28.7%, and if it can keep this pace up for the next five years, it can turn your $6,000 TFSA contributions to about $21,000. The company is also an Aristocrat, but the yield is too low to be a determining factor.

Foolish takeaway

One major lesson Canadians should take from this pandemic is that even if the government is likely to come to our aid during financial and health crisis, it's still prudent to have a safety net. If more people had adequate funds in their TFSAs, they could have used them to replace their income for a few months, instead of relying on taxable benefits like the CERB or CRB.

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