



2021 CRA Benefits: Got a Child? You Can Get up to \$570/Month

Description

The Canada Revenue Agency (CRA) offers many benefits to low- and mid-income earners, be it single parents, students, or retirees. The kind of CRA benefits you qualify for depends on your residential status, family income, age, marital status, and the number of children. If you are a parent of a child under 18 years of age, the CRA will give you up to \$570/month in the Canada Child Benefit (CCB) per month.

How and when can you get the child benefit from the CRA?

The CRA gives parents a tax-free CCB if your child is even a day old and till they turn 18. Now, the CRA only gives a CCB to the parent who has full or shared custody. The female parent gets a preference over the male parent if they live in the same house. You can get the CCB the month after your baby is born. All you have to do is opt for the CCB when you get the birth certificate. If you haven't opted in then, you can apply for the CCB through the child benefits segment in MyAccount.

The CRA pays the CCB on the 20th of every month from the day your child is born to the day they turn 18. But the CRA only gives this benefit to those who file their tax returns, as it calculates your CCB amount on the adjusted family net income (AFNI) as per your tax returns.

How much can you get in the CRA CCB?

The CCB benefit period is from July 2021 to June 2022, and your CCB amount will depend on your 2020 taxable income. If your 2020 AFNI is \$32,028 or below, you can get the [maximum benefit](#) of

- \$6,833 (\$570/month) for a child under six, and
- \$5,765 (\$480/month) for a child between six and 17 years of age.

If your AFNI is above \$32,028, the CRA will phase out your CCB by 7% of the surplus income up to \$69,395. If your AFNI crosses \$69,395, the CRA will deduct \$2,616 from your CCB plus 3.2% of your surplus income.

Let's take an example. Mary and Bob are new parents, and when they got their baby's birth certificate, they ticked on the CCB option. Their AFNI is \$60,000. Mary will get a CCB of \$4,878, or \$406.5/month, for their newborn. The CRA arrived at this amount after deducting \$1,955 (7% of the income above 32,068) from the CCB amount of \$6,833.

The CCB phase-out percentage changes if you have more than one child. For instance, the phase-out percentage will increase to 13.5% for two children and 19% for three children.

Save for your child's future

The CRA gives more than CCB to parents. It gives a goods and service tax credit of up to \$155 per year for a single child and allows parents to [deduct childcare expenses](#) from their taxable income. There is more. The CRA allows you to save for your child's education through the Registered Education Savings Plan (RESP). There is no annual contribution limit but a lifetime contribution limit of \$50,000. The CRA allows you to deduct your RESP contribution from your taxable income and levies tax on withdrawals.

As an RESP is a long-term investment, you should consider stocks with a longer-term horizon. One such stock is renewable energy company **Northland Power** ([TSX:NPI](#)). Oil has dominated the energy sector for over a century and has harmed the environment. There is a growing realization that we must save the environment. Governments worldwide are introducing subsidies and regulations that promote renewable energy. But this shift to renewable energy will take at least 15-20 years to substitute oil in some areas.

Northland Power will be one of the biggest beneficiaries of this shift, as it earns revenue by selling power generated from wind, solar, and biomass energy. It has increased its adjusted EBITDA at a CAGR of 145% between 2015 and 2019. It expects to increase its adjusted EBITDA by 60% by 2026, as it brings another 1.5 GW of projects online.

If you invest \$2,000 in Northland Power now, it will give you a 2.6% dividend yield. It will increase its dividend per share at regular intervals. Moreover, it will give you capital appreciation in the long term.

CATEGORY

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TICKERS GLOBAL

1. TSX:NPI (Northland Power Inc.)

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