CRA Emergency Payments: 2 Helpful Benefits You Can Get in 2021

Description

According to Statistics Canada, employment dropped (for the first time since April 2020) by 63,000. Part-time employment saw an even harsher decline (-2.9% compared to -0.3% of the overall employment rate). And even though the unemployment rate of 8.6% is significantly better than April's 13%, it's still dangerously high compared to the 2019 average rate of 5.6%.

What it boils down to is that the government has to create more employment opportunities. *And* it has to sustain the unemployed population until then. Thankfully, the emergency benefit payments are already in place to help people who, despite trying, can't find paid work.

The revised EI

The EI benefit essentially exists for this very purpose: providing temporary financial support to unemployed individuals. Still, the CRA had to come up with a different emergency payment (the CERB) to deal with the wave of unemployment and loss of business income that COVID brought. That's because EI's scope was a bit narrow, and its requirements were strict.

Now that the CERB is over, the EI requirements are made more lenient so that more people can qualify. That included a one-time insurable-hours credit that pushed many Canadians above the EI eligibility threshold.

The CRB

While the EI's new terms have made it more convenient for employees who lost their jobs, it still doesn't account for gig workers, freelancers, and a few other types of earners. For those people, the CRB was created. If you do not qualify for EI, the chances are that you will be eligible for the CRB. It's a bit less lenient than the CERB was.

A 10% tax is withheld at the source, and the payment doesn't renew by itself. You have to apply for every two-week period. And you can only apply for a total of 13 periods.

Another helpful resource

There should be a middle course between becoming unemployed and relying on government benefits to survive, and that's your own savings. If you had invested in a company like **Lightspeed** (TSX:LSPD)(NYSE:LSPD) at the right time and placed it in your TFSA, it would have helped you get by without relying on the government's taxable emergency benefits.

If you had invested just $5,000 in the company when 2020 started, you would be sitting on about $12,000 now. That's equivalent to about six months' worth of untaxed CRB. And the best part is that you wouldn't have owed any taxes to the CRA. An even better time to buy the e-commerce tech company would have been during the crash when the stock was trading at rock-bottom prices.

$5,000 in Lightspeed at that time would have grown to over $30,000 now.

Foolish takeaway

If you have to rely on government benefits to survive, for now, you might consider weaving your own safety net with your savings and investments. Even if you can't pick the perfect stock to invest in at precisely the ideal time, you can grow your portfolio quite a bit if you buy good stocks and give them enough time.

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