Have a Child? You Might Receive an Extra $1,200 From the CRA

Description

Canadian Deputy Prime Minister and Finance Minister Chrystia Freeland said in the 2020 Fall Economic Statement the federal government would support Canadians in a deliberate, prudent and thoughtful way. Among the priorities mentioned was the legislative amendment to the Canada Child Benefit (CCB).

The CCB regular payments increased for the 2021-2022 benefit year. If you were to account for the January to June 2021 and July to December 2021, parents with at least one child could receive as much as $6,799 this year. However, younger families are poised to receive extra from the Canada Revenue Agency (CRA).

Temporary top-up in 2021

Eligible CCB recipients received an extra $300 on top of the regular benefits in May 2020. The tax-free monthly payments help parents cope with the rising costs of rearing children under 18 years old. A benefit year starts every July and ends in June the following year.

For 2021, a temporary top-up to the CCB is forthcoming. The federal government's latest economic package for parents will cost nearly $2.4 billion. Also, about 1.6 million families could receive the temporary non-taxable benefit.

However, the central focus is on young families. If you have children under six, you could receive $1,200 per child. The CRA will dispense additional support consisting of four tax-free payments of $300 provided the adjusted family net income (AFNI) is below $120,000. Should the AFNI exceed the threshold, the tax-free amount is $150 per child, also in four payments.

The rationale for the emergency package

The federal government zeroed in on younger families because economic data suggest that the COVID-19 severely displaced mothers with children under six. The closure of schools and child-care facilities forced many mothers to scale back work hours or resign from their jobs altogether.

A recent study by the **Royal Bank of Canada** also mentioned an exodus of working mothers. From February to October 2020, more than 20,000 women left the workforce. About two-thirds of the total comprises mothers of young children. The first installment should come once the legislation is approved, while the subsequent payments are in April, July and October 2021.

Established passive income machine

Earning extra to boost a family's disposable income is common these days. But for risk-averse investors, utility stocks are the preferred investment choices because of business stability. **Canadian Utilities** (TSX:CU), for example, is an established diversified utility company and nearly 94 years in existence.

You can purchase the stock at $31.61 per share and partake of the 5.57% dividend yield. An investment of $75,000 will produce $4,177.50 in passive income. Since 1972, Canadian Utilities has been increasing its dividend. The 47 consecutive years feat makes it the Dividend Aristocrat of choice of many income investors.

Management's disciplined approach to growth, excellent operating performance, and strong financials are the reasons Canadian Utilities will not break its dividend growth streak. Cash flows are recurring and stable due to the regulated and long-term contracted assets. Thus, would-be investors will keep receiving uninterrupted dividend payouts yearly from this passive income machine.

Financial support for distressed parents

COVID-19 made the task of raising children doubly stressful. Now, parents need to balance work and parenthood or leave jobs if necessary. It's a good thing the federal government has emergency packages to support distressed parents financially.

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