



Do You Have Children? You Could Get \$7,000 in Child Care Benefits in 2021

Description

The transition to parenthood is challenging, if not radical because the role is permanent. In the pandemic, the pressure to rear and care for children is double than usual. Fathers and mothers need to protect their kids from the coronavirus while dealing with physical, mental, and financial stress at the same time.

Fortunately, the federal government is aware of the plight of parents during the pandemic. The level of anxiety is high, especially regarding childcare expenses. If you have children, you could get as much as \$7,000 in cash benefit or [income support](#).

Canada Child Benefit

The Canada Child Benefit (CCB) is an exclusive program for parents. If you're eligible, the Canada Revenue Agency (CRA) credits a tax-free monthly benefit to your bank account every 20th of the month. The amount varies, although it could be up to \$570.

However, the CRA can withhold the cash transfer if you fail to file your tax return on time. The tax-filing and tax-payment deadline this year is back to April 30, with no extension. Your CCB is indeed helpful, as the money could cover your child's daily needs, medical expenses, and child care costs.

For every child under six, the benefit is \$6,833 (\$570 per month). If your child is between six and 17, the CCB is \$5,765 (\$480 per month). The said amounts are the maximum for CCB recipients whose adjusted family net income (AFNI) for 2020 is \$32,028.

Note that the phase-out begins when AFNI exceeds \$32,028 but below \$69,395. In such a case, the CRA deducts \$2,616 plus 3.2% of the excess income from your CCB. The calculation is only for the first child, and applicable rates are higher for the second or succeeding children.

Claim the GST refund

Don't take the Goods & Services Tax (GST) for granted. You can get a \$157 refund on every child, provided your AFNI is below \$32,000. For those with a six-year-old kid and income is less than \$32,000, the CRA will disburse \$6,990 in cash benefits. Thus, the CCB and GST refund are valuable financial assistance for parents in need.

Save for your youngster

Are you worried about your child's financial future? You can derive tax benefits while saving for your youngster through the Registered Education Savings Plan (RESP). The maximum contribution in the RESP is \$50,000 for 30 years. You can deduct all contributions from your taxable income. Your child can withdraw from the RESP at age 18.

Since the RESP is a long-term investment, match it with a [buy-and-hold blue-chip asset](#). **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is a must-own income stock if you want a lasting pension-like income stream. Canada's second-largest bank has been paying dividends since 1857.

In the post-2008 financial crisis, TD became the most sought-after investment. It was the only company that reported top- and bottom-line growth during the economic downturn. As usual, the bank survived the COVID-19 year. Current investors are winning by 13.6% year to date. If you were to invest today, the dividend offer is a respectable 3.91%.

Don't miss out on the cash benefits!

The federal government extended the recovery benefits even before recipients exhaust their temporary income support. The extensions indicate that the pandemic is far from over. Hence, parents shouldn't miss out on the CRA's cash benefits.

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Date

2025/07/06

Date Created

2021/03/13

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