



The CRA CCB: No Child Left Behind

Description

A child brings a lot of happiness and at the same time a lot of expenses from regular doctor visits to food and toys. Raising a whole new life is a big responsibility, and the Canada Revenue Agency (CRA) shares the financial aspect of that responsibility with you. It offers a Canada Child Benefit (CCB) that ensures no registered child below 18 is left behind.

A brief introduction to the CRA CCB

The CRA calculates a certain amount it deems necessary to raise a child. It gives a higher CCB to parents or custodians responsible for raising the child under six.

If you are the parent, you should be a resident of Canada, file your income tax before April 30, and register your child with the CRA. Once you have met these prerequisites, the CRA will assess your returns, calculate your CCB amount, and credit it into your account between 18-20th of every month. The benefit period begins from July 2020 and ends in July 2021. The CCB is not taxable.

The CRA will calculate the CCB based on:

- average family net income, or AFNI
- the number of children
- the age of children.

How much CCB can you get in 2020-2021?

Every year, the CRA calculates the CCB amount after adjusting for income and inflation. For 2020, the CCB calculation is as follows.

If your 2020 AFNI is less than \$32,028, you can get the maximum CCB. You can get \$6,833 for a child under six and \$5,765 for a child between six and 17 years, irrespective of the number of children.

The CCB starts phasing out if your AFNI exceeds the above threshold. Brace for some calculations and numbers.

John and Mary have two children; Ashley is five, and Mark is nine. They live in Ontario and have an AFNI of \$65,000. For the two children, the maximum CCB is \$12,598 (\$6,833 for Ashley + \$5,765 for Mark).

But their CCB will phase out as the income is above the threshold. For AFNI between \$32,028 and \$69,395, the CCB phases out at 7%, 13.5%, and 19% for the first, second, and third child, respectively. Going by this calculation, the CRA will reduce their total CCB by \$8,775 (13.5% of \$65,000), resulting in a CCB of \$3,823.

For 2021, the CRA is giving parents of children under six an additional \$1,200 CCB if their AFNI is below \$150,000. Hence, John and Mary will get a total CCB of \$5,023 in 2021. Over and above the CCB, they can also get the Ontario Child Benefit of [up to](#) \$1,461 if they meet the eligibility.

Investing in your child's future

It is advisable to start saving early for a better future. You can gift your child financial security with the Registered Education Savings Plan (RESP). He/she will get a head start in their career as they will be relieved from the hassle of student loans. You can [invest](#) up to \$50,000 in the 30-year RRSP lifetime.

A good RESP stock is **BCE** ([TSX:BCE](#))([NYSE:BCE](#)). The Canadian telecom giant is unlikely to go bust for the next 10 years as the industry is already in a mature stage. BCE is on its toes to remain at the top of the technology revolution. The next telecom revolution is 5G, and BCE is accelerating its investment to expand its 5G footprint.

The 5G will rule the 2030 and probably give BCE higher cash flows. BCE will get room to increase the dividend faster than 6.4% (its 10-year compounded annual growth rate). Moreover, the stock price will rise more than 50% in the next 10 years as 5G penetrates deeper into the day-to-day activities.

CATEGORY

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