Canada Budget 2021: 3 Major Announcements Made This Week

Description

Canada's Finance Minister Christina Freeland delivered the national budget for the first time since 2019. This was a first look at how much money the government has spent over the course of the crisis. It's also a look at how the government expects to spend money over the next year as we drag ourselves out of the crisis.

Here are the top three biggest highlights of the Federal Budget delivered this week.

Childcare benefits

Perhaps the most noteworthy program announced this week was the expansion to child care subsidies. The government expects to spend $30 billion to help working mothers cover the costs of childcare over the next five years. They expect to spend $8.5 billion every year thereafter.

What does this mean for ordinary citizens? It should cut the cost of child care dramatically – down to an average of $10 per day by 2022. That means more women can afford to rejoin the workforce, adding to productivity. It also means more money in the family budget for other expenses or consumption.

Extended CRB

The budget also focused on those who've lost jobs during the crisis. The government has proposed an extension to the popular Canada Recovery Benefit (CRB) program. The program is currently capped at 38 weeks, but the government expects to lift that up to 50 weeks.

This means $1,000 ($900 after taxes) every two weeks to Canadians who have lost their jobs or seen their earnings decrease due to the pandemic.

Upgraded OAS

To support our seniors, the government has proposed a permanent 10% increase to the Old Age Security (OAS) program starting next year. This year, people who qualify for the program should also expect to receive $500 in a one-time bonus payment in August.

That's hundreds of additional dollars every year for more than 3.3 million people over the age of 75 across the country.

Investing the government's cash

Nearly everyone can expect some benefits or subsidies under these proposals. Altogether, Canadians should see tangible reductions in their costs of living. Of course, you have the choice to spend this additional disposable income as you please. But investing it in the stock market should extend your financial stability.

Especially, if you're concerned about the government's debt burden.

A robust dividend growth stock like **Fortis Inc.** (TSX:FTS)(NYSE:FTS) may help you create enough cash flow that you don't need to rely on the government. Fortis is a utility, which means its earnings are stable and predictable. The management team likes to pay out roughly half of annual earnings in dividends, which equates to a 3.6% dividend yield.

In other words, you can expect $360 in annual dividends for every $10,000 you place in Fortis stock this year.

The other half of earnings are used to expand the company's operations. As it acquires more energy plants and bolsters infrastructure, investors should expect the stock price to climb.

Deploying your government subsidy cash into this safe, recession-proof dividend stock could be a savvy financial decision.

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