



Got Kids? Collect Your \$1,200!

Description

Finally, the kids are paying off.

Starting on May 28, the Canada Revenue Agency (CRA) is giving a little extra to young families with kids under the age of six.

If your family's net income is less than \$120,000, you could receive up to \$1,200 per child. This no-strings-attached, tax-exempt payment comes in addition to your Canada Child Benefit (CCB), and, like the CCB, it's designed to help you cover essentials for your child, such as healthy food, clothing, and educational materials.

When will you get your \$1,200?

Quickly. The CRA is breaking the \$1,200 into four \$300 installments. The first two installments will hit eligible family's account on May 28. The final two will arrive on July 30 and October 29, 2021, respectively.

How do you sign up?

In order to receive the extra \$1,200, you must first enroll in CCB. Enrolling is super simple, as you just have to confirm your child's information on your personal CRA account. You could also fill out and mail in form RC66 to your local tax centre if you prefer.

If you're already enrolled in CCB, you just have to file your 2019 and 2020 taxes to access your extra money. That may sound like a carrot and stick tactic employed by the CRA to make us all do our taxes. And who knows? Maybe it is. But, according to the CRA, they need your tax return in order to figure out if your income level meets the program's requirements.

For payments received in May, the CRA will look at your income threshold from your 2019 taxes (again, it should be lower than \$120,000). For those in July and October, they'll look at your 2020 tax

filing.

If you haven't filed your taxes, do them as quickly as possible. Even though we're passed the tax deadline, the CRA will still look at your tax return to verify your family's eligibility.

What if your net income is more than \$120,000?

You might still get a little extra for children under six. For families whose net incomes are greater than \$120,000, the CRA will give you half the normal payment, or \$150 per installment for a total of \$600.

What should you do with your \$1,200?

The Canadian government wants you to use this money on essentials. So, before anything else, make sure you have your necessities covered, including food, child care, diapers, clothes, and healthcare.

Next, I'd focus on paying down [high-interest debt](#), especially credit card debt that you've accumulated over the last year or so as you've been covering COVID-19 related expenses. Now might be a good time to look into a [balance transfer card](#), which can help you move debt from a credit card with a high APR to a card with a lower interest rate.

Finally, I'd save any extra money either as an emergency fund or in your Tax-Free Savings Account (TFSA). By putting money in your TFSA, you can invest it in a solid ETF — one that will help you generate more wealth in the long-run. Just keep in mind, though I'm all for investing the leftovers, I wouldn't prioritize investing over budgeting and saving for your child's essentials. Cover those first, then invest the rest.

Covered your essentials? Now invest the rest of your CCB...

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