



## Got a Child Under 6? You Could Receive \$1,200

### Description

Canada's labour market lost 68,000 jobs in May 2021, while the unemployment rate rose to 8.2% to match February's jobless rate. It was also the second straight month that the country's workforce weakened. The reason could be the return of widespread restrictions to subdue COVID-19's third wave.

Eric Lascelles, the chief economist of **RBC** Global Asset Management, said, "We've now seen slightly more jobs lost in this third wave (April and May losses) relative to the job losses in the second wave." The back-to-back monthly setbacks could also mean economic hardships are not yet over.

Families, especially those with children, still struggle to [keep up with expenses](#). Fortunately, Canadians with young children started receiving the Canada Child Benefit Young Child Supplement (CCBYCS) in May 2021. If you have children below six, you could receive \$1,200 in CCBYCS. Assuming you and your spouse or common-law partner filed the 2019 and 2020 income tax and benefit returns, you don't need to apply to receive the CCBYCS.

### Four tax-free payments

The CCBYCS is tax-free and should help parents pay for a wide range of expenses. However, only those eligible for CCB are entitled to receive the \$1,200 extra financial support per child under six. The original payment schedule is at the beginning of each quarter.

The payments are in four installments of \$300 each, where the first two (\$600 for January and April) are payable on May 28, 2021, while the last two payments are on July 30, 2021, and October 29, 2021.

### Income requirements

Besides eligibility to CCB, the financial aid for young families follows an income threshold. If family net income is \$120,000 or less, each child under six gets \$300 for up to four payments. However, the payment per child is half or \$150 if the family income is more than \$120,000.

The Canada Revenue Agency's (CRA) disbursements for CCBYCS are separate from the regular CCB payments families are already receiving. Also, parents who share child custody will each get 50% of the CCBYCS for each child under six. But, again, the basis for payment is a parent's net income.

## Earn a CCBYCS equivalent

Receiving \$300 every quarter is the same as buying \$24,000 worth of shares of a company stock that pays a 5% dividend. **Capital Power** ([TSX:CPX](#)), for example, pays a lucrative 5.27% dividend. So, you only need to invest \$22,800 to generate \$300 in passive income every quarter.

Capital Power has a market capitalization of \$4.49 billion. The company is a wholesale power generator that services government, commercial, institutional, and large industrial customers in Canadian and the United States. Yield-hungry and risk-averse investors love this utility stock because the business is recession-resistant.

Another key takeaway is that Capital Power is a [Dividend Aristocrat](#); it has raised its dividends by 10% for eight consecutive calendar years. The competitive advantages are strong cash flow and liquidity position that will sustain for years. Capital Power's power-purchase agreements are typically long-term. Its current share price of \$39.16 is a good entry point.

## Welcome baby bonus

The CCBYCS was proposed in the November 2020 Fall Economic Statement but only received Royal Assent on May 6, 2021. Canadian families with young children need additional support. The "baby" bonus should help families cope financially during the ongoing pandemic.

### CATEGORY

1. Dividend Stocks
2. Investing

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1. Editor's Choice

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