Federal Government Extends CRB to 54 Weeks

Description

The federal government's message is clear when it announced the extension of the Canada Recovery Benefit (CRB) until October 23, 2021. No Canadian will be left behind as recovery gets underway. For the additional four weeks, the rate is $300 per week.

Apart from the CRB, the Canada Recovery Sickness Benefit (CRSB) also extends up to the same date. The CRB extension means the maximum period is now 27 or 54 weeks. Remember, the Canada Revenue Agency (CRA) will deduct a 10% withholding tax on each payment an eligible applicant receives.

Benefit amounts

The CRA clarifies that the CRB amounts are lower after 21 payments. If the application was done before July 18, 2021, the taxable benefit is $1,000 (net proceeds of $900) for each two-week period.

However, after 42 weeks or 21 payments, the gross amount is $600 ($540 net) until you reach the maximum of 27 periods or 54 weeks. If your first CRB period starts on July 17, 2021, the net proceeds are $540 after tax for each two-week period until the program expires on October 23, 2021.

Canadians both young and old have used portions of their pandemic lifelines to buy stocks. About 50% of the total CRB, or $12,300 is enough to derive investment income from established dividend payers like the **National Bank of Canada** (TSX:NA) and **TELUS** (TSX:T)(NYSE:TU).

Outperforming bank stock

Canada's sixth-largest bank is the second top-performing bank stock so far in 2021 after **CIBC**. This $32.64 billion bank dominates in Quebec, while **Credigy** in the U.S. complements domestic operations perfectly. ABA Bank, the leading private financial institution in Cambodia, is a subsidiary of National Bank.

According to a Bloomberg Intelligence report, the bank and **BMO** would have considerable dividend increases when the banking regulator lift capital return restrictions. It assumes that all Big Banks peg the payout ratio at 45%. At the current share price of $96.74, the dividend yield is 2.94%, while the payout ratio is just 38.27%.

A changing of the guard will happen at National Bank. Its COO Laurent Ferreira will assume the headship when long-time CEO Louis Vachon retires on November 1, 2021. Many expect the change to be seamless and don't expect that it will impact the bank's credit rating.

Industry-leading position

Kiplinger.com lists TELUS among the 20 best Canadian dividend stocks for U.S. investors. Aside from being a Dividend Aristocrat (18 consecutive annual dividend increases), Canada's second-largest telco spearheads the 5G network rollout. TELUS ($28.56 per share) is cheaper than National Bank and pays higher dividends (4.43%).

Current investors are up 15.93% year to date and should be content with this asset that delivers income and growth. TELUS's growth business is progressing. **TELUS International** and TELUS Health are making significant contributions to revenues. In Q2 2021, operating revenues topped $4 billion or a 10.3% increase versus Q2 2021, while net income rose 9.2% to $344 million.

The sector is highly competitive, although management is confident that the customer retention rate will remain high due to enhanced customer service experience. TELUS also expects to maintain its industry-leading position through ongoing deployment of newer wireless technologies and investments in network resiliency and reliability,

Lasting passive income

Don't waste your money on mediocre companies if you're using a portion of your CRB to create passive income. National Bank of Canada and TELUS are income-producing assets you can own for decades.

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