



COVID Omicron: Will the CERB Return?

Description

Last month, the COVID-19 Omicron variant burst on the scene, sowing panic and confusion worldwide. Initial reports suggested that the new variant was more transmissible than the original form of COVID and more deadly.

Thanks to the media attention Omicron got last week, the CERB began trending on **Twitter**. When Omicron first manifested, countries immediately started implementing travel bans to affected nations. That started a conversation about lockdowns and other measures, including programs like the CERB. As one Twitter user wrote:

Omicron is already here. @cafreeland must bring back CERB, make it universal and exempt it from income calculation.
– @CdnComrade

The above is just one Twitter comment, but it illustrates the nature of the conversation being had on Tuesday. Canadians expressed concern about the new variant, and a desire to see CERB re-introduced in response.

Why the CERB was needed

The CERB was needed in 2020 because the pandemic put many Canadians out of work.

In the first wave of COVID-19, a broad ban on indoor gatherings was implemented, making it impossible for people in certain jobs to go into work. Those hardest hit included restaurant staff, gym employees, and retail workers. People in these fields were unable to work for months. So, the federal government implemented the CERB, a “no questions asked” \$2,000 per month EI-like benefit to help them pay their bills.

While the CERB didn’t fully replace everybody’s wages, it was a big help for people who were out of work. Much easier to get than EI, it was fairly generous, especially compared to the U.S. stimulus

package. Eventually, the government tightened the rules on the CERB, making it tougher to apply for. Then it was replaced with recovery benefits (CRB), which had much more stringent eligibility requirements. That seemed to be the end of the CERB's run. But now, with Omicron threatening the globe, some are asking whether it shouldn't make a comeback.

A simple way to prepare for disaster

Whether the federal government will bring back the CERB or not remains to be seen. The feds ran a \$380 billion deficit in 2020, thanks in no small part to the CERB and other programs like it. Most likely, the CERB won't come back—at least not in its original form. It would simply be too costly to manage the program.

Fortunately, you can still prepare for disaster by investing. By holding index funds like the **iShares S&P/TSX 60 Index Fund (TSX:XIU)** in a TFSA, you can establish a tax-free rainy day fund that grows over time. Funds like XIU [are highly diversified](#), which reduces the risk inherent in the investment. They're not risk-free, but they're less risky than individual stocks and have substantial potential for returns. Over time, they may grow your emergency savings and keep you from needing benefits like the CERB.

XIU is one of my personal favourite index funds because of its ample diversification, low fees, and broad exposure to Canadian equities. I mention this fund just as an example. There are hundreds of ETFs out there to choose from, and others may be better for your individual needs. As always, do your homework, and speak with a financial advisor before making major financial decisions.

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