



2 Income Alternatives to the Canada Worker Lockdown Benefit

Description

The Canadian government was very generous with its first benefit payment related to COVID. The CERB served Canadians who were out of a job or couldn't operate their business during the pandemic quite well, but it was also very loosely scrutinized, and a lot of money went to people who might not have needed it.

Still, it achieved what it set out to be, and the government rectified this issue with CERB's various successors.

Now that another wave of the pandemic is threatening the country, the CRA has announced a new benefit payment called the Canada Worker Lockdown Benefit (CWLB). Let's see how it stands out compared to its predecessors.

The new benefit payment

First of all, the new CWLB payment is not open to all Canadians. It's a region-specific payment and will only be awarded to residents or workers in regions where a COVID lockdown is in place. And a region will be designated valid for CWLB only if the lockdown lasts for 14 or more days. For eligible individuals (people who can't work because of the lockdown), the benefit offers \$300 per week (\$270 after 10% taxes). The program will last till May 2022 (for now).

Income alternative # 1: Dividend stocks

If the restrictive benefit payment is not for you, the natural course of action would be to turn to your savings. One way to turn them into a reliable income source is [dividend stocks](#) like **BCE** ([TSX:BCE](#))([NYSE:BCE](#)), that's currently offering a juicy 5.3% yield.

At this yield, you would need a bit more than a quarter of a million to start a \$300 a week payment from dividends alone. And even though that kind of capital and savings are relatively rare, you might still be able to start a decent dividend income with this generous aristocrat.

The capital-appreciation potential of BCE is modest at best. But since it's a [5G stock](#), one of the few in the country, it stands to benefit from the 5G penetration of the country, which is expected to mature by 2025.

Income alternative # 2: Growth stocks

Growth stocks like **FirstService** ([TSX:FSV](#))([NASDAQ:FSV](#)) can offer a great way to create passive income, especially if you buy them at the right moment and give them [enough time](#) to grow. If you had invested just \$5,000 into this company about five years ago, you would now be sitting on a nest egg of about \$18,750. That's more than three times growth in just half a decade.

And you don't even need to liquidate half of the stake to get a \$1,200-a-month payment going till May 2022 (when the benefits program will end). The company also pays dividends, but its 0.3% yield seems paltry compared to its growth potential. FirstService has an impressive presence in North America, and its organic growth may continue for years unabated, so even if you haven't added this stock to your portfolio yet, you might consider doing so.

Foolish takeaway

For both alternative ways to work, you need to have savings/capital to invest and to create your own investment portfolio. If you don't have any yet, you should try and take advantage of as many benefit payments as you are eligible for. But once you get back on your feet, you should start saving and creating an investment portfolio.

CATEGORY

1. Dividend Stocks
2. Investing

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3. TSX:BCE (BCE Inc.)
4. TSX:FSV (FirstService Corporation)

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Author

adamothonman

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