INVESTMENT

Don't expect to earn more than 6.4% in the Canadian markets

by Andrew Rickard (/author/andrew-rickard/) July 13, 2016 11:28 a.m.

The **Financial Planning Standards Council** (FPSC) and the **Institut québécois de planification financière** (IQPF) have released new assumption guidelines for financial planners to use when projecting future investment returns.

On July 11, the FPSC and IQPF released their projection assumption guidelines for 2016. The rates, which are updated annually, are meant to help planners make medium- and long-term financial projections that are free from biases or predispositions. Financial planners may deviate from the assumptions by plus or minus 0.5% and remain in compliance with the guidelines.

The new rates came into effect on June 30 and are as follows:

Inflation rate:	2.1%
Return rates	
Short term:	3.0%
Fixed income:	4.0%
Canadian equities:	6.4%
Foreign developed market equities:	6.8%
Emerging market equities:	7.7%
YMPE or MPE growth rate	3.1%
Borrowing rate:	5.0%

The complete Projection Assumption Guidelines can be found on the FPSC web site. (http://www.fpsc.ca/docs/default-source/FPSC/projection-assumption-guidelines-2016.pdf)