

## PRESS RELEASE

For immediate release

### **IQPF and FP Canada publish the 2021 Projection Assumption Guidelines**

**Montréal and Toronto, April 28, 2021** – The Institut québécois de planification financière (IQPF) and FP Canada have jointly released the [2021 Projection Assumption Guidelines](#) and [Addendum](#), for financial planners across Canada.

The Guidelines, which take effect April 30, 2021, are designed to help financial planners make long-term financial projections (10 or more years) that are free from potential biases or predispositions.

“The Guidelines are designed to help financial planners offer sound advice and ensure clients build and implement long-term financial plans founded on assumptions that are objective and unbiased,” says Martin Dupras, a.s.a., F.Pl., M.Fisc., ASC, Chair of the Projection Assumptions Guidelines Committee, which develops and updates the Guidelines annually. The committee comprises individuals who are licensed financial planners (through either CFP® certification or the F.Pl. license in Québec) in addition to being actuaries or CFA charterholders.

Financial planners must always use professional judgement in the application of the Guidelines for long-term projections and in all cases document their assumptions and clearly communicate with clients. In times of turbulent and volatile markets, it is important to note the long-term nature of these projections. Professional financial planners can provide perspective on shorter-term current events as they relate to clients and their individual circumstances.

The Projection Assumption Guidelines for 2021 are as follows:

<b>Inflation</b>	2.00%
<b>Return rates<sup>1</sup></b>	
<b>Short-term:</b>	2.30%
<b>Fixed-income:</b>	2.70%
<b>Canadian equities:</b>	6.20%
<b>Foreign developed market equities:</b>	6.60%
<b>Emerging market equities:</b>	7.80%
<b>Borrowing rate</b>	4.30%
<b>YMPE or MPE growth rate</b>	3.00%

To ensure full transparency and replicability, the Guidelines are drawn from a variety of reliable and publicly available data sources, including the Québec Pension Plan Actuarial Valuation; Canada Pension Plan Actuarial Report; and historical data based on the S&P/TSX Composite index (Canadian equities), the S&P 500 Composite index (U.S. equities) and the MSCI EAFE (Europe, Australia, Far East) index and the MSCI Emerging Markets index. The IQPF and FP Canada Standards Council also conduct a joint annual survey of industry firms and a second survey of financial planners who hold both the F.Pl. (or CFP) designation and the CFA designation, to support the development of the Guidelines.

With the 2021 Guidelines, for both the short-term and fixed-income assumptions, the 50-year historical average rate was not included as a data source in determining these assumptions, resulting in a lower rate forecast for these asset classes. Since these historical variables may so significantly depart from future expectations, the Projection Assumption Committee determined that they should not be used in the current environment.

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<sup>1</sup> These are nominal rates.

“As the COVID-19 pandemic continues to cause economic uncertainty, triggering fear among some clients, the Projection Assumption Guidelines are a useful tool for financial planners in helping clients plan for their future and stay focused on their long-term planning goals,” says Lesley Poole, CFP, Chair of the FP Canada Standards Council’s™ Standards Panel. The Standards Panel is an independent panel comprising CFP professionals, licensed financial planners from Québec and at least one public member. The panel’s mandate includes overseeing the Projection Assumptions Guidelines Committee which develops and maintains the Guidelines.

The Guidelines are accompanied by an Addendum containing the data sources on which the Guidelines are based, as well as the specific calculations for inflation and rate-of-return guidelines. The Addendum offers financial planners an opportunity to fully understand and replicate the recommended calculations for their own use.

### **About the IQPF**

For more than 30 years, the Institut québécois de planification financière (IQPF) has been protecting the financial well-being of Québec consumers by overseeing the training and qualification of financial planners according to the highest standards of quality. In Québec, only professionals holding a diploma issued by IQPF are authorized to use the title of Financial Planner (F.PI.). IQPF is the only organization in the province entirely dedicated to and reserved for financial planners, setting their professional standards of practice and raising public awareness about their important role. More information is available at [IQPF.org](http://IQPF.org).

### **About the FP Canada Standards Council**

A division of FP Canada, the FP Canada Standards Council establishes and enforces financial planning standards, sets the certification requirements for professional financial planners and develops and delivers certification examinations. The FP Canada Standards Council ensures FP Canada certificants—Certified Financial Planner professionals and Qualified Associate Financial Planner™ professionals—meet appropriate standards of competence and professionalism through rigorous requirements of education, examination, experience, and ethics. Learn more at [FPCanada.ca](http://FPCanada.ca).

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