

2024 Projection Assumption Guidelines

Life takes planning and it starts with realistic projections

An important facet of the financial planner's work is to make a variety of projections: retirement income needs, insurance needs, children's education funding needs, etc. To make these projections, financial planners must estimate future inflation and borrowing rates, investment returns, how long the need will exist... In short, they must make assumptions.

This is why the Institute of Financial Planning (the Institute), and FP Canada Standards Council™ jointly publish the Projection Assumption Guidelines: to help financial planners make realistic financial projections. Judicious use of these assumptions should protect both the client and the financial planner.

How to use the Guidelines

These Projection Assumption Guidelines are intended as a guide and are appropriate for making realistic long-term (10+ years) financial projections. Predicting the direction the economy will take and how financial markets will evolve is a difficult exercise, requiring the integration of a large number of variables and highly sophisticated valuation models.

Financial planners should also develop sensitivity analyses to illustrate and assess the impact of changes in assumptions on clients' financial position. This is particularly important when client goals may be at risk.

Guiding principles for establishing the Guidelines

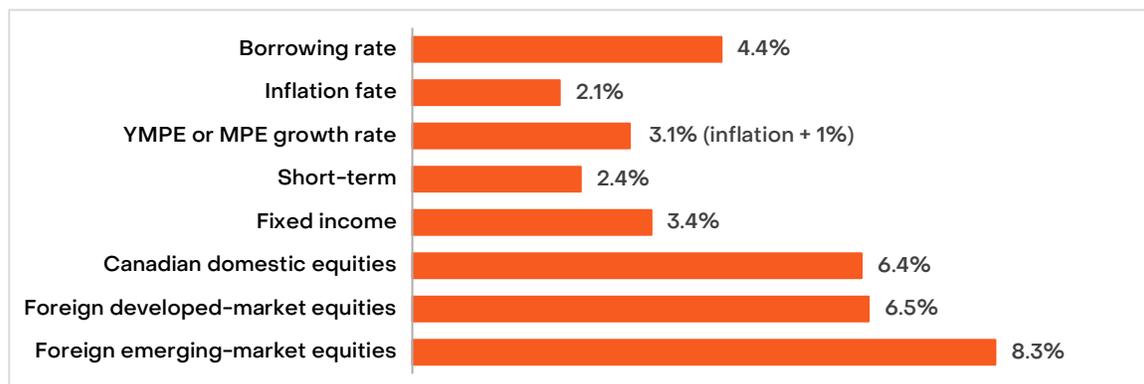
These Guidelines were established using a variety of reliable and publicly available sources, including the actuarial reports for the Quebec Pension Plan and Canada Pension Plan. They do not represent the individual opinion of the members of the Projection Assumption Guidelines Committee, the Institute or FP Canada Standards Council.

Using numerous sources of data also eliminates the potential bias that may be created by relying on any single source.

The fact that the Quebec Pension Plan and Canada Pension Plan actuarial reports are updated every three years ensures the Guidelines will remain stable.

Guidelines for 2024

Financial assumptions (before any administrative and investment management fees)



Note that the administrative and investment management fees paid by clients both for products and advice must be subtracted to obtain the net return.

Life expectancy based on various survival risks:

Current age	10%			15%			20%			25%			30%			35%			40%			45%			50%		
	M	F	M/F	M	F	H/F	M	F	M/F																		
20	99	101	102	97	100	101	96	98	100	95	97	99	94	97	98	93	96	98	92	95	97	91	94	96	90	93	96
30	99	101	102	97	99	101	96	98	100	95	97	99	94	96	98	93	95	97	92	94	97	91	93	96	90	92	95
40	98	100	102	97	99	100	96	98	99	95	97	98	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95
50	98	100	101	96	99	100	95	98	99	94	96	98	93	96	97	92	95	97	91	94	96	90	93	95	89	92	95
60	98	100	101	96	98	100	95	97	99	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95	89	91	94
70	97	100	101	96	98	99	95	97	99	94	96	98	93	95	97	92	94	96	91	93	96	90	92	95	89	91	94
80	98	100	101	96	98	100	95	97	99	94	96	98	93	95	97	93	95	96	92	94	96	91	93	95	90	92	95
90	99	101	102	98	100	101	97	99	100	97	98	99	96	97	99	95	97	98	95	96	98	94	96	97	94	95	97
100	105	105	106	104	104	105	103	104	105	103	103	104	103	103	104	102	103	104	102	102	103	102	102	103	102	102	103

The table used to calculate the probability of survival is the [CPM2014 Mortality Table](#), based on data from both public and private sector pension plans for 1999–2008, taken forward to 2024 using the CPM Improvement Scale B. For years beyond 2014, the same improvement scale was used to establish generational mortality rates. This mortality table and the improvement scale were published by the Canadian Institute of Actuaries in February 2014.

The survival risk (from 10% to 50%) represents the probability that an individual, at the age shown in the left column, will live beyond the projected age. It is recommended to assume a projection period for clients where the probability of outliving their capital is no more than 25%. Based on the table, a 70-year old would have a 25% chance of living to at least age 94 for a man and at least age 96 for a woman.

Guidelines' update and useful life

The Projection Assumption Guidelines are updated annually and available on institutefp.org.

Important

These Guidelines in no way represent predictions about short-term returns and should not be used for this purpose. Check out the full [Projection Assumption Guidelines](#) to learn more about the methodology used!