Having a reasonable estimate of what future expected returns are likely to be is important to developing a long-term financial plan. Typically those estimates are based upon historical market data. That being said, one can never guarantee future performance based on past results. Warren Buffet, also known as “the Oracle,” has notably stated, as many other of his contemporaries, that people should expect lower “real returns” (after inflation) than they have been previously accustomed to over the course of the last century.

If indeed we are entering an era of lower investment returns, it’s more important than ever to make sure that we capture as much of the financial markets’ returns that we can. This is one of the biggest reasons why using investments with very low expenses is so important. But above all else, remaining disciplined and patient as an investor, while never attempting to time the market, is paramount to your future financial success.

Whether future returns for financial assets over the next decade are lower than they have historically been will remain to be seen, but it’s always prudent to be conservative in planning so that the only surprises we have, are hopefully good ones.