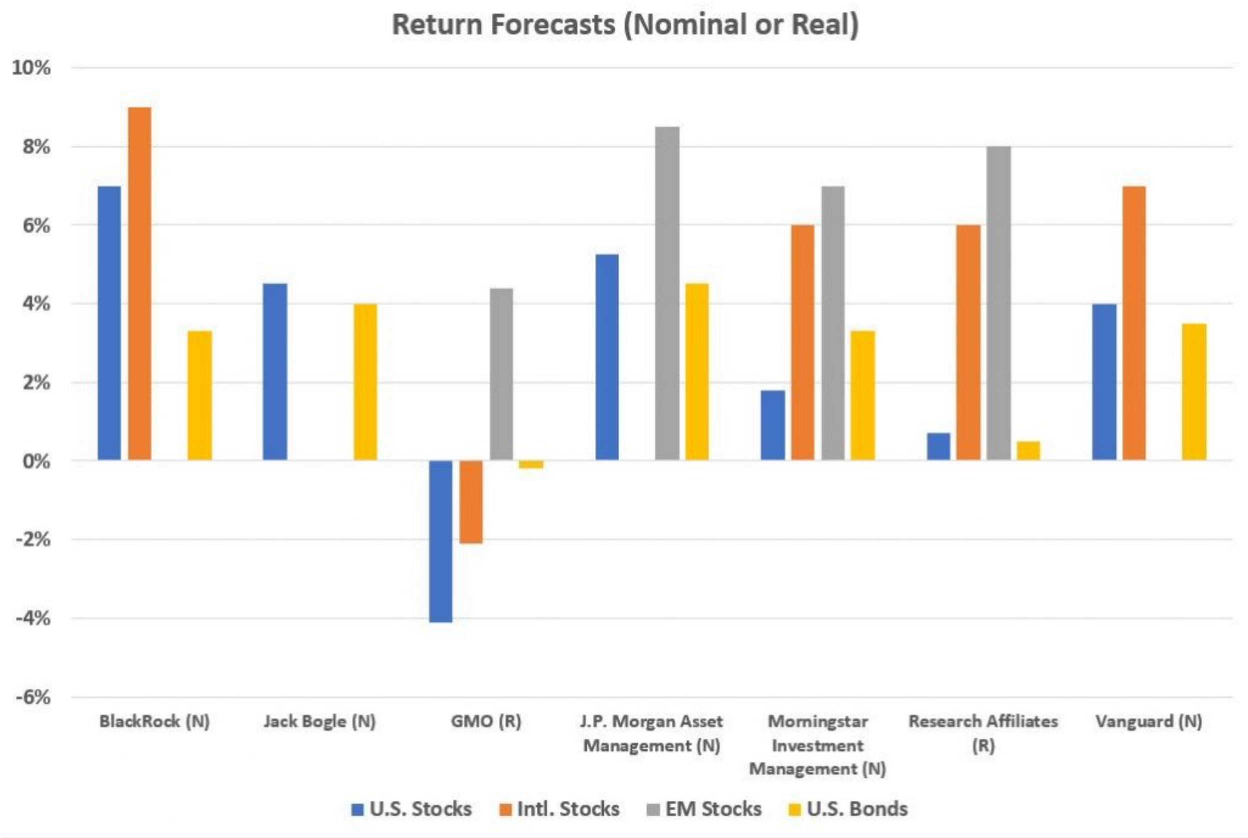
Baseball Hall of Famer and sage, Yogi Berra, once said, ?It?s tough to make predictions, especially about the future.? But, as Morningstar?s Christine Benz notes, plugging in a return forecast is necessary for financial planning. Without it, it?s impossible to know how much to save and for how long. In this spirit, Benz has collected asset class return forecasts from large institutional investors and Jack Bogle, who is virtually an institution himself.

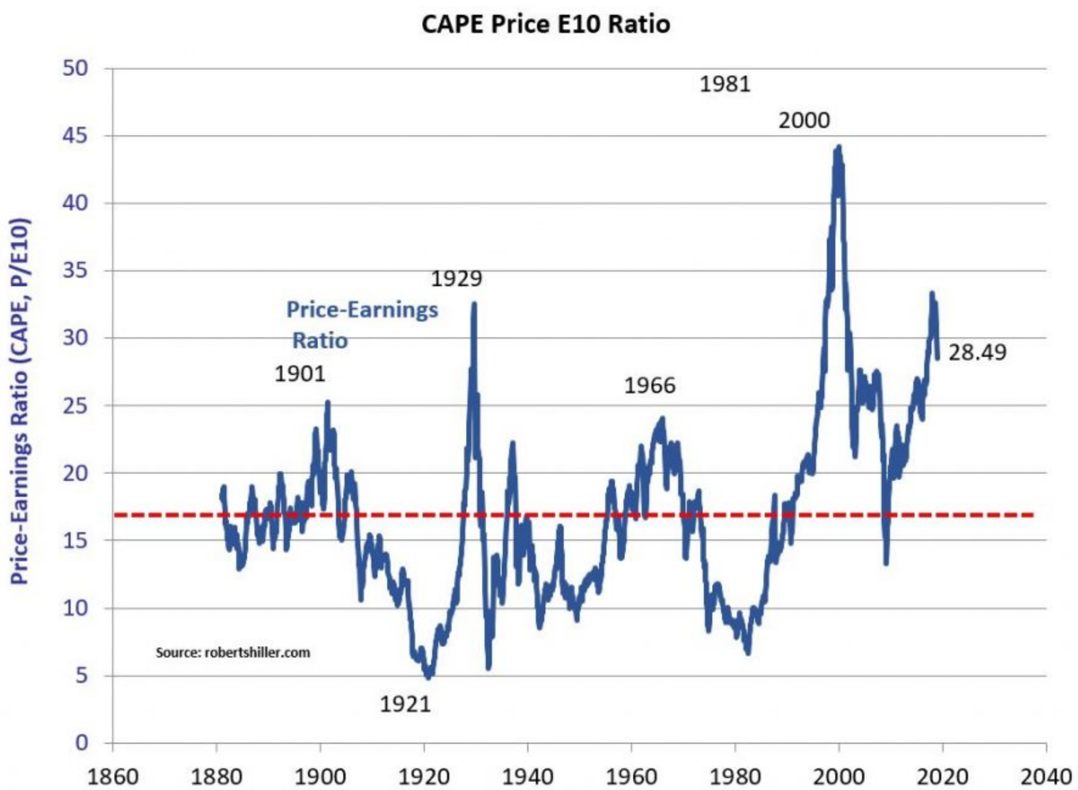
Because the forecasts are longer term, they are worth contemplating even if you can?t take them to the bank. Nobody knows what the market will do this year or next year. But it?s at least possible to be smarter about longer term forecasts. When you start at historically high valuations for stocks, such as those that exist now, it?s reasonable to assume future 7- or 10-year returns might be lower than average. In fact, the S&P 500 has returned less than 5% annualized (in nominal terms) since 2000 when it had reached its most expensive level (on a Shiller PE basis) in history. That?s only half of it?s long term average.

Below are the forecasts in table form and in bar chart form as Benz reports them. Some are nominal, and some are real; we?ve indicated which kind after the name of the institution.

Firm/Person (Nominal or Real)	U.S. Stocks	Intl. Stocks	EM Stocks	U.S. Bonds
BlackRock (N)	7%	9%		3.30%
Jack Bogle (N)	4.50%			4%
GMO (R)	-4.10%	-2.10%	4.40%	-0.20%
J.P. Morgan Asset Management (N)	5.25%		8.50%	4.50%
Morningstar Investment Management (N)	1.80%	6%	7%	3.30%
Research Affiliates (R)	0.70%	6%	8%	0.50%
Vanguard (N)	4%	7%		3.50%



At least two of the asset managers' forecasts -- GMO and Research Affiliates -- take the Shiller PE seriously. That metric indicates the current price of the S&P 500 relative to the underlying constituents' past 10-year real average earnings. When that metric is low, higher returns have tended to result over the next decade. And when it has been high, low returns have tended to result. Currently the metric is over 28. It's long term average is under 17.



Investors should take all forecasts with a grain of salt. But when valuations are as high as they are now, it seems prudent to lower expectations.