

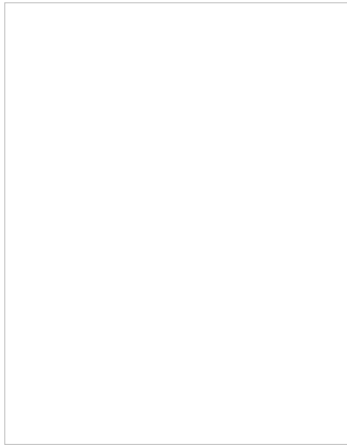
Putting value on Peace of Mind

by Keith Gustafson, CFA and Christopher M. O'Neill, PhD, CFA, CFP®, FRM®, ChFC®

Abstract

While many provisions of the SECURE Act related to the evaluation of Guaranteed Retirement Income (GRI) products can be satisfied through a qualitative due diligence process, the provisions related to the balance between costs and benefits requires a quantitative assessment. The variety of benefits and costs, as well as the complexity of typical products, presents significant challenges for meeting these specific provisions.

This paper proposes an innovative, yet intuitive, evaluation framework. We analyze GRI products based on their individual merits and compare them to retirement income strategies constructed from ordinary investments that a typical investor would use within a defined contribution plan. This framework proposes three novel performance metrics as well as an appropriate *Benchmark Portfolio*. These measures summarize and quantify the downside risk protection benefits of GRI products relative to the *Benchmark Portfolio* in light of the embedded costs.



[download](#)

Mesirow refers to Mesirow Financial Holdings, Inc. and its divisions, subsidiaries and affiliates. The Mesirow name and logo are registered service marks of Mesirow Financial Holdings, Inc. ©2024, Mesirow Financial Holdings, Inc. All rights reserved. Any opinions expressed are subject to change without notice. Past performance is not indicative of future results. Advisory Fees are described in Mesirow Financial Investment Management, Inc.'s Form ADV Part 2A. Advisory services offered through Mesirow Financial Investment Management, Inc. an SEC registered investment advisor. Securities offered by Mesirow Financial, Inc. member FINRA and SIPC.