

Calculation of ERS COLA – FY23

Based on Funding Policy adopted 4/21/2022

1. Actuarial Rate of Return = 12.35%
 - a. Hurdle Rate = 6.00%
2. Excess Return = $12.35\% - 6.00\% = 6.35\%$
3. Funding Ratio = 71.6%
 - a. Shareable Factor = 0.25
4. Shareable Portion = $6.35\% \times 0.25 = 1.5875\%$
 - a. Rounded to nearest 0.25% = 1.50%
5. Inflation Rate (per SSA COLA Rate) = 5.90%
 - a. Inflation Rate capped at 3.00%
6. COLA Rate = lesser of 1.50% and 3.00% = 1.50%

Note: See Schedule F of the June 30, 2021 ERS Actuarial Report for Methodology