

# COLA Calculation FY 26 – LRS

## Based on ERS COLA Methodology

1. Actuarial Rate of Return = 8.49%
  - Hurdle Rate = 6.00%
2. Excess Return =  $8.49\% - 6.00\% = 2.49\%$
3. Funding Ratio = 132.4%
  - Shareable Factor = 1.00
4. Shareable Portion =  $2.49\% \times 1.00 = 2.49\%$ 
  - Rounded to nearest 0.25% = 2.50%
5. Inflation Rate (per SSA COLA Rate) = 2.50%
  - Inflation Rate no higher than 3.00%
6. COLA Rate = lesser of 2.50% and 2.50% = 2.50%