

# COLA Calculation FY 27 – LRS

## Based on ERS COLA Methodology

1. Actuarial Rate of Return = 10.02%
  - Hurdle Rate = 5.50%
2. Excess Return =  $10.02\% - 5.50\% = 4.52\%$
3. Funding Ratio = 145.9%
  - Shareable Factor = 1.00
4. Shareable Portion =  $4.52\% \times 1.00 = 4.52\%$ 
  - Rounded to nearest 0.25% = 4.50%
5. Inflation Rate (per SSA COLA Rate) = 2.80%
  - Inflation Rate no higher than 3.00%
6. COLA Rate = lesser of 4.50% and 2.80% = 2.80%