

# COLA Calculation FY 26 – PSERS

## Based on ERS COLA Methodology

1. Actuarial Rate of Return = 8.45%
  - Hurdle Rate = 6.00%
2. Excess Return =  $8.45\% - 6.00\% = 2.45\%$
3. Funding Ratio = 85.6%
  - Shareable Factor = 0.50
4. Shareable Portion =  $2.45\% \times 0.50 = 1.225\%$ 
  - Rounded to nearest 0.25% = 1.25%
5. Inflation Rate (per SSA COLA Rate) = 2.50%
  - Inflation Rate no higher than 3.00%
6. COLA Rate = lesser of 1.25% and 2.50% = 1.25%