

# COLA Calculation FY 27 – PSERS

## Based on ERS COLA Methodology

1. Actuarial Rate of Return = 9.96%
  - Hurdle Rate = 5.50%
2. Excess Return =  $9.96\% - 5.50\% = 4.46\%$
3. Funding Ratio = 91.5%
  - Shareable Factor = 0.75
4. Shareable Portion =  $4.46\% \times 0.75 = 3.345\%$ 
  - Rounded to nearest 0.25% = 3.25%
5. Inflation Rate (per SSA COLA Rate) = 2.80%
  - Inflation Rate no higher than 3.00%
6. COLA Rate = lesser of 3.25% and 2.80% = 2.80%