

Guide for calculating interest on workers' compensation benefits

This document contains general information. It is not legal advice. Every situation is different and other laws may apply. If you have questions, contact an attorney, visit the Department of Labor and Industry website at www.dli.mn.gov/WorkComp.asp or call the Workers' Compensation Hotline at 1-800-342-5354 and press 3.

The law in effect on the date of the injury determines the rate of interest payable. For dates of injury before May 28, 1977, the rate of interest on benefits not paid when due is set by case law at 6 percent. See, Bordeaux v. Gilbert Motor Company, 20 N.W.2d 393, 14 W.C.D. 45 (1945) and Hop v. NSP, S.C. Summarily Affirmed 1/8/97 (W.C.C.A. 9/12/96).

For dates of injury on or after May 28, 1977, the rate of interest is set by statute. Minnesota Statutes § 176.221, subd. 7, provides in part:

Any payment of compensation, charges for treatment under section 176.135, rehabilitation expenses under section 176.102, subdivision 9 or penalties assessed under this chapter not made when due shall bear interest from the due date to the date the payment is made at the rate set by section 549.09, subdivision 1.

The applicable interest rate differs depending on the calendar year during which the debt became due.

Dates effective	Interest rate
May 28, 1977 through Dec. 31, 1983	8 percent <i>Rate set by Minnesota Statutes § 176.221</i>
Jan. 1, 1984 through Dec. 31, 1985	9 percent <i>Rate set by Minnesota Statutes § 549.09</i>
Jan. 1, 1986 through Sept. 30, 1995	8 percent <i>Rate set by Minnesota Statutes § 176.221</i>
Oct. 1, 1995 through Dec. 31, 1995	6 percent <i>Rate set by Minnesota Statutes § 549.09</i>
Jan. 1, 1996 through Dec. 31, 1998	5 percent
Jan 1, 1999 through Dec. 31, 1999	4 percent
Jan. 1, 2000 through Dec. 31, 2000	5 percent
Jan. 1, 2001 through Dec. 31, 2001	6 percent
Jan. 1, 2002 through Dec. 31, 2002	2 percent
Jan. 1, 2003 through Dec. 31, 2006	4 percent
Jan. 1, 2007 through Dec. 31, 2007	5 percent
Jan. 1, 2008 through Dec. 31, 2015	4 percent*

The interest rate payable by a liable party to reimburse a payor or disputed benefits under Minnesota Statutes § 176.191 and § 176.66 is 12 percent.

The interest rate might fluctuate for an award that spans more than one year. Minnesota Statutes § 549.09, subd. 2, provides in part:

During each calendar year, interest shall accrue on the unpaid balance of the judgment or award from the time it is entered or made until it is paid, at the annual rate provided in subdivision 1.

*Effective Aug. 1, 2009, for a judgment or award greater than \$50,000, other than a judgment or award for or against the state or a political subdivision, the interest rate shall be 10 percent a year until paid. See Minnesota Statutes § 549.09.

Tips and instructions for calculating interest

Use this formula to calculate the amount of interest due:

$$\frac{\$ x \%}{52} \times N = \text{Interest due}$$

\$ = The amount of weekly compensation, charges for medical treatment, rehabilitation expenses or penalties due.

% = The applicable interest rate.

N = The number of weeks for which interest is due.

The Minnesota Workers' Compensation Reinsurance Association has developed an interest calculator. It is provided at www.wcra.biz/calculators/InterestCalc.aspx.

This document can be given to you in Braille, large print or audio.